

# *Half-Year Report 2012*

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**PRECIOUS WOODS**

**Precious Woods** is one of the world's leading companies in the sustainable management and use of tropical forests and plantations.  
Additional information can be found at [www.preciouswoods.com](http://www.preciouswoods.com)

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# Disappointing first half of the year for Precious Woods

*The Precious Woods Group has not achieved the goals that it had set itself for the first half of 2012. Its sales in the reporting period were 38% below those of the previous year. This was largely attributable to external logistical and internal technical problems that occurred at its Gabon production site as well as declining sales by Precious Woods Europe. Due to continually low demand and increasing price pressure in the Netherlands, it was not possible to improve Precious Woods Europe's operating result in spite of considerable cost savings. Although the conditions in this market, which is important for South American wood, were negative during the first half of the year, this did not negatively impact the result of Precious Woods Amazon. In comparison to the previous year, the operating result could be improved by USD 0.3 million due to a reduction in costs primarily at the holding level and due to the positive effect generated by the divestment of BK Energia shares. Nonetheless, at USD -1.8 million the result was disappointing.*

## **Precious Woods Holding Ltd: further cost savings and diversification of markets**

The turnaround measures undertaken during the last two years are showing a positive impact. The costs – in particular for administration and consultancy fees – could be reduced by USD 3.3 million in comparison to the previous year.

The centralization of the sales led to a diversification of markets. Business involving sawn timber and veneers produced in Gabon and Brazil could be expanded with customers in China, Vietnam, Indonesia, New Zealand, the Middle East and the USA, and this compensated in part for the difficult economic sales situation in Europe.

## **Precious Woods Gabon: logistical difficulties and late completion of the sawmill**

The logistics crisis and its severe negative impact on the half-year result started in January as a consequence of heavily reduced port capacities brought about by the Africa Cup. These problems were compounded by the accident-related closure of the Kango bridge, which is the main highway between Bambidie and Libreville, and the strikes in the port of Owendo. For safety reasons, the Setrag railway company withdrew about half of its wagons for transporting logs and sawn timber from service during the first half of the year; this led to an increase in stock piles in Bambidie and to lower export volumes than planned. It is a positive sign that, in spite of everything, sales of sawn and planed timber increased to slightly over the previous year's level and would have been higher if there had been no logistical hindrances.

The production of veneers in Libreville suffered losses totalling 3300 cubic metres and thus a significant drop in sales; this was in

part a consequence of the above-mentioned external logistical problems, but also caused by production outages following technical problems. The completion of the second saw line in Bambidie was delayed by several months due to logistical bottlenecks in Gabon and thus contributes to an improvement in the operating result considerably later than expected. Furthermore, there was a significant decline in local log sales, which, on the one hand, could be attributed to reduced customer demand and, on the other hand, to unexpectedly poor log quality in the processing area.

The sum of these factors led to a significant drop in export volumes and sales. The latter fell to USD 11.1 million and were thus 43% below the result for the previous year. The effect of the drop in volumes fully affected EBITDA, which at USD -0.4 million was very disappointing and USD 4.8 million below the figure for the previous year.

In spite of the difficulties, Precious Woods Gabon diversified its customer portfolio, expanded its product range and laid the foundations for important new markets in the future. The FSC audit was successfully concluded in June, and a new health and safety team was created.

## **Precious Woods Amazon: half-year result impacted by the divestment of BK Energia shares**

The sales volume of Precious Woods Amazon (PWA) in the amount of USD 6 million in mid-2012 was approximately 4% below the 2011 result. This was due to the unexpected low yield from logs at the log yard. This problem will be eliminated in future through an improved, systematic selection of trees in the forest and a reorganization of the log yard. Productivity will be further increased through the rearrangement of four saw lines. The trial runs of the first newly arranged line in June were positive; after operating experience in the third quarter, the other remaining lines will be rearranged. The workflow organization was further optimized and the workforce reduced by a further 55 employees, who were provided with a social plan; in addition, the CEO was replaced as from mid-May by a team consisting of three of the existing senior executives. All in all, labour costs were 21% below the level of the previous year. The vacation periods were moved forward for the sawmill and administration to June, so that they would overlap with the annual audit at the BK Energia power plant.

PWA faced a friendly local market environment, although there was evidence of price pressure due in part to illegal sales of sawn timber by competitors. The contract with a local customer for deliveries of biomass will be implemented in August, following the test phase that started at the beginning of 2012. Notwithstanding the increased market pressure, the prices for exported products remained stable.

In order to increase its production capacity the company plans to outsource simple production work to subcontractors as from the third quarter. After a detailed analysis, it was decided not to exercise the option for the forest concession relating to the Acré project. The prepayment made in 2009 will be paid back to Precious Woods Amazon.

At USD –3.3 million, EBITDA was USD 1.5 million lower than in the previous year. This was due in particular to the divestment of BK Energia shares (please refer to “Carbon & Energy” below for details) and increased provisions for lawsuits, although from an operational perspective it was possible to increase the operating result by USD 1.4 million.

### ***Precious Woods Europe: economic environment continues to be difficult***

Precious Woods Europe (PWEU) continues to suffer greatly as a result of the ongoing economic crisis in its main market, the Netherlands. The effects of this crisis in the timber trade were more severe than originally anticipated at the beginning of the year. The construction industry and thus the timber industry are contracting, and a large number of buyers have succumbed to liquidity problems. The public sector reduced its investments in infrastructure programmes due to the austerity measures that have been introduced. This impacted road construction and hydraulic engineering in particular. The only sector where sales were on a par with those in the previous year was city and outdoor furniture. The unfavourable weather conditions during the first half of the year had a negative effect on the sales of garden products; this primarily affected PWEU's expanded FSC-certified finished products programme for the garden sector. The entire market is characterized by high stocks, and sales prices have been under increased pressure since March due to the strong price competition in the North-West European market area. In order to compensate in part for the weak demand, sales activities in England, Germany, Denmark and Belgium were intensified. The mid-year sales figure of USD 8.8 million was approximately 28% below the figure for the previous year. Nevertheless, the Dutch subsidiary's stocks did not accumulate. Due to lower sales, the operating result was disappointing in spite of the restructuring measures.

### ***Carbon & Energy: cash neutral debt solution with minority shareholder***

In autumn 2011, Precious Woods achieved a cash neutral solution in respect of outstanding debts from 2005 that had been incurred in connection with the purchase of the BK Energia biomass plant. It was agreed with the existing minority shareholder that a purchaser would be sought in 2012 for all of BK Energia's shares. Since no purchaser was found by the deadline set, the minority shareholder assumed 40% of the shares with a set-off for outstanding debts on 1 April 2012. It

now holds 60% of the shares. Precious Woods as the holder of the remaining 40% of the shares became the minority shareholder in BK Energia. As a result, from 1 April 2012 BK Energia was no longer fully consolidated and, as from that point in time, has been included in share of profits of associates. The described divestment of shares had a one-off positive impact of USD 3.2 million on the operating result (EBITDA) of this segment. Thus the results up to 31 March 2012 cannot be compared with the 2011 half-year financial statements, even though a noticeable operative improvement could be reached. In the first quarter of 2012, while BK Energia was still fully consolidated, electricity generation increased by about 14% as compared to the same period in the previous year. Certified Emission Reductions (CERs) for production in 2010, 2011 and 2012 are expected to be sold in the last quarter of 2012.

### ***Stock price***

At the beginning of 2012, the quoted stock price was CHF 9.73. On 30 June 2012 (record date: half-year report), the price was 36% lower at CHF 6.25.

### ***Outlook: economic environment continues to be difficult***

Precious Woods will also have to operate in a difficult environment in the second half of the year and solve several important issues. It will however, do everything in its power to improve the disappointing result.

Due to technical difficulties and logistical difficulties caused by external factors, the commissioning of the second “bois divers” saw line will be delayed to the end of the third quarter. The existing saw lines are also currently operating at below their potential because of technical problems that have to be solved. Despite all of the challenges of 2012, PWG's situation as far as its order books are concerned can be termed positive.

Assuming that the test phase for the saw line that has already been rearranged is successfully concluded, PWA plans to make technical changes to the other lines, which would further reduce labour costs while increasing productivity yet again. The harvest permits for Itapiranga I and IV were received on time in the first week of August.

PWEU's economic environment is unlikely to recover in the second half of the year, and the construction sector will not undergo a revival. The resulting liquidity difficulties are leading to considerable price concessions in trade and in the manufacturing industry, which in turn puts further strain on the attainable gross margins. Further cost-saving measures have been introduced in order to adjust the Group's operating costs to the expected business development.

# Precious Woods Group

## Interim condensed consolidated financial statements

### as at 30 June 2012

#### Interim condensed consolidated statement of financial position at 30 June 2012 and 31 December 2011 (in TUSD)

<b>ASSETS</b>	<b>30 June 2012</b>	<b>31 December 2011</b>
	unaudited	audited
<b>Current assets</b>		
Cash and cash equivalents	8 631	11 440
Trade and other receivables	12 077	11 435
Inventories	16 741	20 529
Other current assets	2 201	1 958
<b>Total current assets</b>	<b>39 650</b>	<b>45 362</b>
<b>Non-current assets</b>		
Property, plant and equipment	61 513	65 504
Intangible assets	12 731	13 789
Investments in associates	16 218	14 865
Non-current financial assets	549	557
Other non-current assets	7	7
Deferred income tax assets	468	611
<b>Total non-current assets</b>	<b>91 486</b>	<b>95 333</b>
Non-current assets held for sale	982	4 699
<b>TOTAL</b>	<b>132 118</b>	<b>145 394</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Trade and other payables	16 834	13 649
Current income tax liabilities	700	610
Current financial liabilities	2 348	2 938
Current provisions	583	1 289
Current derivative financial instruments	507	515
<b>Total current liabilities</b>	<b>20 972</b>	<b>19 001</b>
<b>Non-current liabilities</b>		
Long-term convertible bonds and loans	27 395	27 238
Non-current financial liabilities	15 464	15 701
Deferred tax liabilities	1 514	1 818
Non-current provisions	6 601	6 173
<b>Total non-current liabilities</b>	<b>50 974</b>	<b>50 930</b>
Non-current liabilities held for sale	–	3 665
<b>Equity</b>		
Share capital	2 923	2 923
Additional paid-in capital	66 823	66 823
Foreign currency translation reserve	13 585	17 197
Retained earnings	–23 524	–15 759
<b>Equity attributable to owners of Precious Woods Holding Ltd</b>	<b>59 807</b>	<b>71 184</b>
<b>Non-controlling interests</b>	<b>365</b>	<b>614</b>
<b>Total shareholders' equity</b>	<b>60 172</b>	<b>71 798</b>
<b>TOTAL</b>	<b>132 118</b>	<b>145 394</b>

**Interim condensed consolidated statement of comprehensive income  
for the half-year periods ended 30 June 2012 and 30 June 2011 (in TUSD)**

	30 June 2012	30 June 2011 <sup>1</sup>
	unaudited	unaudited
Net sales from trading activities	23 866	36 225
Revenue from emission reduction activities	297	496
<b>Total operating income</b>	<b>24 163</b>	<b>36 721</b>
Cost of sales	-23 435	-32 228
<b>Operational contribution</b>	<b>728</b>	<b>4 493</b>
Administration and other labour costs	-3 235	-3 964
Other expenses	-3 522	-5 008
Other income	4 254	2 415
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>-1 775</b>	<b>-2 064</b>
Depreciation, amortization and impairment	-3 970	-5 380
<b>Earnings before interest and tax (EBIT)</b>	<b>-5 745</b>	<b>-7 444</b>
Financial income	1 236	3 038
Financial expenses	-3 889	-8 693
Share of profit of associates	236	246
<b>Earnings before tax (EBT)</b>	<b>-8 162</b>	<b>-12 853</b>
Income taxes (expenses)/income	240	290
<b>Net (loss)/profit from continuing operations</b>	<b>-7 922</b>	<b>-12 563</b>
Result from discontinued operations	-	-772
<b>Net (loss)/profit for the period</b>	<b>-7 922</b>	<b>-13 335</b>
Fair value change net of tax, available-for-sale financial assets	-16	32
Foreign currency translation differences	-3 606	-1 274
<b>Total other comprehensive income</b>	<b>-3 622</b>	<b>-1 242</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>-11 544</b>	<b>-14 577</b>
<b>Allocation of net (loss)/profit:</b>		
Equity owners of Precious Woods Holding Ltd	-7 749	-13 247
Non-controlling interests	-173	-88
<b>Allocation of total comprehensive (loss)/income:</b>		
Equity owners of Precious Woods Holding Ltd	-11 377	-14 578
Non-controlling interests	-167	1
<b>Basic earnings per share</b>	<b>-2.25</b>	<b>-3.86</b>
<b>Diluted earnings per share</b>	<b>-2.25</b>	<b>-3.86</b>
<b>Basic earnings per share from continuing operations</b>	<b>-2.25</b>	<b>-3.63</b>
<b>Diluted earnings per share from continuing operations</b>	<b>-2.25</b>	<b>-3.63</b>

<sup>1</sup> The prior-year figures have been restated for a correction of an error. Please refer to Note 3.

**Interim condensed consolidated statement of changes in equity  
for the periods ended 30 June 2012 and 30 June 2011 (in TUSD)**

	Attributable to equity holders of Precious Woods Ltd					Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Foreign currency translation reserve	Retained earnings	Total		
<b>Balance 31 December 2010</b>	<b>127 002</b>	<b>65 823</b>	<b>2 396</b>	<b>-83 706</b>	<b>111 515</b>	<b>832</b>	<b>112 347</b>
Net (loss)/profit for the period	–	–	–	-13 247	<b>-13 247</b>	-88	<b>-13 335<sup>1</sup></b>
Other comprehensive (loss)/income for the period	–	–	-1 363	32	<b>-1 331</b>	89	<b>-1 242</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>–</b>	<b>–</b>	<b>-1 363</b>	<b>-13 215</b>	<b>-14 578</b>	<b>1</b>	<b>-14 577<sup>1</sup></b>
Equity component convertible bonds and loans	–	1 408	–	–	<b>1 408</b>	–	<b>1 408</b>
Costs of capital increase/transaction costs	–	-46	–	–	<b>-46</b>	–	<b>-46</b>
<b>Balance 30 June 2011</b>	<b>127 002</b>	<b>67 185</b>	<b>1 033</b>	<b>-96 921</b>	<b>98 299</b>	<b>833</b>	<b>99 132<sup>1</sup></b>
<b>Balance 31 December 2011</b>	<b>2 923</b>	<b>66 823</b>	<b>17 197</b>	<b>-15 759</b>	<b>71 184</b>	<b>614</b>	<b>71 798</b>
Net (loss)/profit for the period	–	–	–	-7 749	<b>-7 749</b>	-173	<b>-7 922</b>
Other comprehensive (loss)/income for the period	–	–	-3 612	-16	<b>-3 628</b>	6	<b>-3 622</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>–</b>	<b>–</b>	<b>-3 612</b>	<b>-7 765</b>	<b>-11 377</b>	<b>-167</b>	<b>-11 544</b>
Change in consolidation scope	–	–	–	–	–	-82	<b>-82</b>
<b>Balance 30 June 2012</b>	<b>2 923</b>	<b>66 823</b>	<b>13 585</b>	<b>-23 524</b>	<b>59 807</b>	<b>365</b>	<b>60 172</b>

<sup>1</sup> The prior-year figures have been restated for a correction of an error. Please refer to Note 3.

**Interim condensed consolidated statements of cash flows  
for the periods ended 30 June 2012 and 30 June 2011 (in TUSD)**

	30 June 2012 unaudited	30 June 2011 unaudited
Profit/(loss) for the period	-7 922	-13 335 <sup>1</sup>
Operating cash flow before working capital changes	-4 293	-6 251
<b>Net cash flow operating activities</b>	<b>1 268</b>	<b>-7 815</b>
<b>Net cash flow investing activities</b>	<b>2</b>	<b>-454</b>
<b>Net cash flow financing activities</b>	<b>-3 923</b>	<b>5 776</b>
(Decrease)/increase in cash and cash equivalents	-2 653	-2 493
Translation effect on cash	-231	1 575
Cash and cash equivalents, at the beginning of the year (as per balance sheet)	11 440	10 326
Cash in disposal group held for sale, at the beginning of the year	75	–
<b>Total cash and cash equivalents, at the beginning of the year</b>	<b>11 515</b>	<b>10 326</b>
Cash and cash equivalents, at the end of the period (as per balance sheet)	8 631	9 408
Cash in disposal group held for sale, at the end of the period	–	–
<b>Total cash and cash equivalents, at the end of the period</b>	<b>8 631</b>	<b>9 408</b>

<sup>1</sup> The prior-year figures have been restated for a correction of an error. Please refer to Note 3. The cash flows include both continuing and discontinued operations. The respective cash flows for discontinued operations only are shown in Note 6.



## Notes to the interim condensed consolidated financial statements

The unaudited interim condensed consolidated financial statements of Precious Woods Group for the six months ended 30 June 2012, have been prepared in accordance with IAS 34 and were authorized for issue by the Board of Directors on 1 September 2012. The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2011. They mainly focus on new activities, events and circumstances and do not duplicate information previously reported.

### 1. Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011, except for the adoption of new standards and interpretations as of 1 January 2012, noted below:

- *IAS 12 Deferred Tax: Recovery of Underlying Assets (Amendment)*
- *IFRS 7 Disclosures – Transfers of financial assets (Amendment)*
- *IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment)*

These amendments had no impact on the financial statement or performance of the Group.

### 2. Going concern

While the cash position at 30 June 2012 was sufficient, the recent logistics problems in Gabon showed that the cash position might become quickly tight in the future. In order to ensure the Group's liquidity the Board of Directors decided in September 2012, in case no additional external funds could be provided, it would divest its 25% non-controlling interest in Precious Woods Central America AG in the second half-year of 2012 (please also refer to Note 11).

### 3. Restatement of prior period due to the correction of an error

As set out on page 53 of the Group's annual financial statements 2011 Precious Woods Holding AG identified in 2011 that a number of subsidiaries had incorrectly applied requirements relating to deferred taxes. This error was corrected in 2011. Corresponding adjustments have been made to the comparative figures as of 30 June 2011 included in this report.

Income tax income for the period ended 30 June 2011 decreased by USD 0.1 million leading to a net loss for the period of USD –13.3 million.

As a result of the correction basic and diluted EPS for the period ended 30 June 2011 decreased by USD 0.04 to USD –3.86 and basic and diluted EPS from continuing operations 2011 decreased by USD 0.04 to USD –3.63.

### 4. Seasonality

The first half year of the forestry operations in Brazil is characterized by the rainy season (January to May) during which no logs are harvested and processing yields and sales of logs are lower than can be achieved in the second half of the year. For the reporting period, the unfavorable seasonal effect is as expected, just as a favorable seasonal effect for the second half of the year can be assumed in Brazil.

## 5. Financial information by segment

The Group's reportable segments are Sustainable Forest Management Brazil, Sustainable Forest Management Gabon, Timber Trading Europe and Carbon & Energy.

The Forest Plantations segment was discontinued and sold to Precious Woods Central America AG effective as of 30 September 2011 and is not presented anymore. The comparative segment disclosures for 2011 have been adjusted accordingly and now comprise only the continuing operations 2011.

### Operating segments – 30 June 2012

in TUSD	Sustainable Forest Management Brazil	Sustainable Forest Management Gabon	Timber Trading Europe	Carbon & Energy	Other <sup>1</sup>	Total 30.06.2012
<b>Operating income</b>						
Third parties	2 832	11 047	8 758	1 526		<b>24 163</b>
Intersegment	3 217	66	–	–	–3 283	–
<b>Total operating income</b>	<b>6 049</b>	<b>11 113</b>	<b>8 758</b>	<b>1 526</b>	<b>–3 283</b>	<b>24 163</b>
<b>EBITDA</b>	<b>–3 289</b>	<b>–368</b>	<b>38</b>	<b>3 455</b>	<b>–1 611</b>	<b>–1 775</b>

### Operating segments – 30 June 2011

in TUSD	Sustainable Forest Management Brazil	Sustainable Forest Management Gabon	Timber Trading Europe	Carbon & Energy	Other <sup>1</sup>	Total 30.06.2011
<b>Operating income</b>						
Third parties	3 034	19 522	11 576	2 589	–	<b>36 721</b>
Intersegment	3 275	–	629	–	–3 904	–
<b>Total operating income</b>	<b>6 309</b>	<b>19 522</b>	<b>12 205</b>	<b>2 589</b>	<b>–3 904</b>	<b>36 721</b>
<b>EBITDA</b>	<b>–1 773</b>	<b>4 462</b>	<b>–11</b>	<b>–343</b>	<b>–4 399</b>	<b>–2 064</b>

<sup>1</sup> The eliminations and adjustments consist of the intersegment eliminations and the results from Precious Woods Holding Ltd, the Luxembourg entities and Precious Woods Management Ltd, which are not allocated to a specific segment.

### Reconciliation of reportable segment profit or loss

	30 June 2012	30 June 2011
Total EBITDA for reportable segments, continuing	–164	2 335
EBITDA Other	–1 611	–4 399
<b>EBITDA of continuing operations</b>	<b>–1 775</b>	<b>–2 064</b>
Depreciation, amortization and impairment	–3 970	–5 380
<b>EBIT</b>	<b>–5 745</b>	<b>–7 444</b>
Financial income and expenses	–2 654	–5 655
Share of profit of associates	236	246
<b>Earnings before tax from continuing operations</b>	<b>–8 162</b>	<b>–12 853</b>

## 6. Assets held for sale / discontinued operations

### BK Energia

On 31 March 2012, 40% of the shares of BK Energia were transferred by Precious Woods to the former minority shareholder (cash neutral solution) and Precious Woods lost control over BK Energia but continues to hold a non-controlling interest of 40% in BK Energia. Thus, starting 1 April 2012, BK Energia is no longer consolidated.

in TUSD	<b>30 June 2012</b>
Intangible assets	-359
Property, plant and equipment	-1 164
Inventories	-79
Trade and other short-term receivables	-4 213
Cash and cash equivalents	-184
Trade and other short-term liabilities	4 222
<b>Net assets and liabilities (100%)</b>	<b>-1 777</b>
Consideration for sale of 40% ownership interest	2 850
Consideration offset with debt waiver	-1 392
Consideration offset with preferred dividend receivable	-1 458
Fair value of remaining investment in associates (40%)	1 389
<b>Consideration received in cash for 40%</b>	<b>-</b>
Cash and cash equivalents disposed of	-184
<b>Net cash outflow</b>	<b>-184</b>

The gain on loss of control of BK Energia, recognized in other income, amounts to TUSD 2049 and includes the recycling of foreign currency translation gains of TUSD 580.

### Precious Woods Central America

At the end of 2010, the Board of Directors of the Precious Woods Group decided to seek a buyer for its Central American plantations in Nicaragua and Costa Rica. The assets impacted by this decision have in January 2011 been reclassified as non-current assets held for sale. In 2011, all Central America assets of Precious Woods were integrated in the newly established subholding Precious Woods Central America AG and 75% of the shares have been sold. These assets belonged to the discontinued Forest Plantations segment. Please also refer to Note 11.

The results of Central America are as follows:

in TUSD	<b>30 June 2011</b>
Net sales from trading activities	2 404
Increase in fair value of biological assets	-
<b>Total operating income</b>	<b>2 404</b>
Cost of sales	-3 878
<b>Operational contribution</b>	<b>-1 474</b>
Administration and other labour costs	-329
Other expenses	-138
Other income	189
<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>	<b>-1 752</b>
Depreciation, amortization and impairment	-
<b>Earnings before interest and tax (EBIT)</b>	<b>-1 752</b>
Financial result	-4
<b>Earnings before taxes (EBT)</b>	<b>-1 756</b>
Income taxes (expenses)/income	984
<b>Earnings after taxes</b>	<b>-772</b>
Basic earnings per share from discontinuing operations	-0.22
Diluted earnings per share from discontinuing operations	-0.22

## Cash flows from discontinued operations

in TUSD	30 June 2011
Net cash flows from operating activities	146
Net cash flows from investing activities	160
Net cash flows from financing activities	–
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>306</b>

The result from discontinued operations is attributable to the equity holders of Precious Woods Holding Ltd. (no non-controlling interests).

## 7. Restructuring

The restructuring provision on 30 June 2012 amounts to USD 0.2 million (31 December 2011: USD 0.2 million) and mainly represents the provision needed for the restructuring of MIL Madeiras Preciosas Ltda. in Brazil. No restructuring provision was used in the first half-year of 2012.

## 8. Convertible bonds and loans and non-current financial liabilities

During the six month ended 30 June 2012 Precious Woods Group did not issue or repay any convertible bonds/loans.

## 9. Share capital

After the reduction in the nominal value from CHF 50 to CHF 1 per share done in 2011 the ordinary share capital of the Company amounts to CHF 3 483 355 (3 483 355 registered shares with a nominal value of CHF 1 each).

On 24 May 2012, the Annual General Meeting reapproved the authorized capital of CHF 0.8 million which was created at the Annual General Meeting in 2010.

## 10. Change in contingent liabilities

There are no changes in contingent liabilities. The IBAMA case (see Note 33 of the Annual Report 2011) is still open.

## 11. Subsequent events

In order to ensure the Group's liquidity the Board of Directors decided in September 2012, in case no additional external funds could be provided, it would divest its 25% non-controlling interest in Precious Woods Central America AG in the second half-year of 2012 (please also refer to Note 2).

## *Additional information*

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### **Relating to the share register (entries, transfers, changes of address, etc.):**

#### **Nimbus AG**

Ziegelbrueckstrasse 82  
CH-8866 Ziegelbruecke  
Phone + 41 55 617 37 37  
Fax + 41 55 617 37 38  
preciouswoods@nimbus.ch

### **For additional information:**

#### **Precious Woods Holding Ltd.**

Zurich branch office  
Investor Relations  
Militaerstrasse 90  
P.O. Box 2274  
CH-8021 Zurich  
Phone + 41 44 245 81 11  
Fax + 41 44 245 80 12  
office@preciouswoods.com  
www.preciouswoods.com

### **Stock exchange listing**

Shares of Precious Woods Holding Ltd. have been listed on the SIX Swiss Exchange since 18 March 2002.

Security type: registered share  
Nominal value: CHF 1.00 (reduction in the nominal value, 2011)  
Security number: 1 328 336  
ISIN: CH0013283368  
Ticker symbol: PRWN  
Reuters: PRWZn.S

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Cautionary note on forward-looking statements: This Annual 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 binding version.

► **Backcover:**

Biodiversity is a term used to denote life in all its richness, like the diversity of animal and plant species, the diversity of habitats and the genetic variety within species. Precious Woods contributes with its sustainable forest management in the tropics to the conservation of biodiversity.



Precious Woods Holding Ltd.  
Baarerstrasse 79  
6300 Zug  
Switzerland



PRECIOUS WOODS