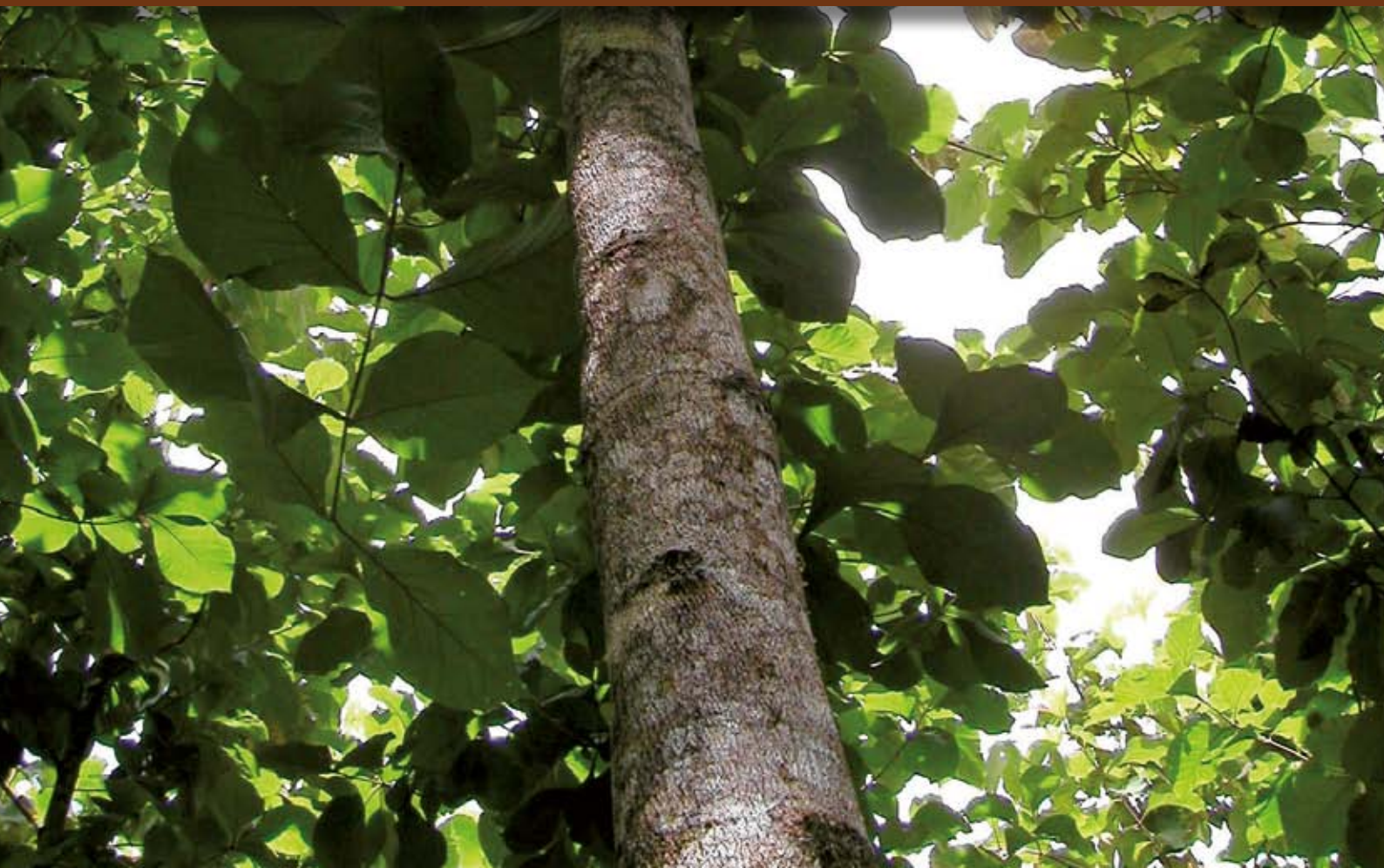




**CONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2009, OF  
TEAK HOLZ INTERNATIONAL AG, LINZ**



## SUMMARY OF MATERIAL EVENTS

### 1<sup>st</sup> quarter from October 2008 to December 2008

- The Costa Rican subsidiary Servicios Austriacos Uno, S.A. has been awarded the FSC forest management certificate (SW-FM-003610) in accordance with the principles of the “Forest Stewardship Council”.
- In Costa Rica, investments were made in forestry infrastructure and machinery, and the wood storage capacity was extended in order to meet future logistical requirements.
- Due to the decline in prices to be expected for thinning wood of small diameters, the cutting of trees was reduced to the extent absolutely necessary for the healthy growth of the plantations.

### 2<sup>nd</sup> quarter from January 2009 to March 2009

- As of the beginning of February 2009, Dr. Martin Pree was appointed CEO. Together with the second member of the Management Board, Klaus Hennerbichler (COO), he has performed management functions of the THI Group since then.
- At the 2nd ordinary general meeting of THI AG, all resolutions were adopted by the shareholders by great majority or unanimously.
- Despite the economically difficult environment, the distribution company Teak Holz Handels- und Verarbeitings GmbH (Brand: TEAK-austria) reported a strong growth in sales in the first half-year.

### 3<sup>rd</sup> quarter from April 2009 to June 2009

- The extent of the FSC certification of the Costa Rican subsidiary Servicios Austriacos Uno, S.A. was increased from previously forest management by the product chain qualification (“Chain-of-Custody”) (SW-FM/COC-003610).
- In June the TEAK share was included in the VÖNIX Sustainability Index.
- Additional credit lines were secured to strengthen the liquidity.
- TEAK-austria was able to report a strong growth in sales also for the third quarter.

### 4<sup>th</sup> quarter from July 2009 to September 2009

- The external audit performed in the summer regarding the FSC certificate (SW-COC-003355) confirmed that Teak Holz Handels- und Verarbeitings GmbH continued to meet all requirements for the trade in and processing of FSC wood.
- The first phase of the research project “Kompetenzzentrum Teak Austria” was successfully completed. An extension application for an additional period was approved by the Austrian Research Promotion Agency.
- A risk management system was established in the THI Group.

---

## IMPRINT

Publisher: TEAK HOLZ INTERNATIONAL AG, Investor Relations, A-4040 Linz, Freistaedter Strasse 313, Phone: +43 (0)70 / 908 909-91, Fax: +43 (0)70 / 908 909-97, eMail: rettenbacher@teak-ag.com, www.teak-ag.com; Company's ID: FN 271414p, Linz Provincial Court; UID: ATU 62255507; ISIN: AT0TEAKHOLZ8; Share abbreviation: TEAK

This report has been prepared with the greatest possible care and every effort has been made to ensure the accuracy of the data that it contains. Nevertheless, rounding, typographical and printing errors cannot be excluded. This report contains assessments and assertions relating to the future made on the basis of all the information currently available. We would draw your attention to the fact that various factors could cause actual conditions and the actual results to deviate from the expectations outlined in this report. FSC™ and Rainforest Alliance/SmartWood are not responsible for and do not endorse any financial claims on returns on investments.

**We draw attention to the fact that these consolidated financial statements of Teak Holz International AG, Linz, for the fiscal year from October 1, 2008 to September 30, 2009 issued in German have been translated into English for the convenience of the reader and that the German wording is the only legally binding version.**

Published: German edition: January 28, 2010; English edition: March 5, 2010  
Photos: All photos from Teak Holz International AG; Production: Ingeborg Schiller, Salzburg; Concept and coordination: THI AG, Paul Rettenbacher

## CHAIRMAN'S FORWARD

Dear Shareholders,

the global financial and real estate developments have naturally also influenced the actions and operations of Teak Holz International AG in the fiscal year 2008/09, both negatively and positively.

The consequences of a global recession, especially declines in prices for young thinning wood, have already become evident at the turn of the half-year. As has been presented in the interim financial statements in the semi-annual financial report as of March 31, 2009, significant write-downs had to be made in the fiscal year 2008/09, which were a result of lower net-selling prices for young wood generated in the thinning.

The evaluation of fair values of our biological assets (growing teak trees in our plantations) presented the second major factor of influence on our consolidated financial statement as of September 30, 2009. The adjustments that had to be made concerning thinning wood, and the expected result of our operational activities, have led to a consolidated loss for the year amounting to TEUR 10,113. Detailed comments are to be found in the notes to the consolidated financial statements – see Note 3 “Biological assets” and Note 4 “Inventories”.

As a reaction to shifting markets in autumn 2008, the company management has taken immediate measures: Thinning was reduced to a level that is in accordance with responsible and sustainable plantation management (cf. FSC™). Above all, our major aim is to finally harvest premium quality – in order to achieve top output and top prices.

In the time up to the harvest, we see actual tree growth and a growing increase in tree heights and diameters as a natural and calculated stepping stone towards our final aim of achieving highest quality. Additionally, the company management expects positive developments concerning thinning wood market prices in the medium and the long term.

The business model of our ever-growing company is indeed based on a long-term conception, so that the break-even point is – naturally – to be expected late, but is already predictable and within reach.



Martin Pree  
CEO / Chairman of the Management Board



Until effected investments and initial costs as well as operating expenses can be covered by the profits gained from selling our plantation wood, the company management regards safeguarding medium term liquidity a core management task.

The following measures are taken in order to temporally and financially bridge the ongoing period of growth:

- Responsible and sustainable plantation management
- Promotion of global trade of teak logs
- Safeguarding additional lines of credit
- Implementing our strategy of expansion

A risk management system has been established in the reference period. In line with safeguarding measures in the fiscal year of 2008/09, preparatory steps have been taken to raise extra outside capital to cover financial demands.

Simultaneously, the company follows a strict budget policy and works on enhancing measures concerning teak log wood trade. Increasing sales of teak terraces are expected to successively improve the cash flow.

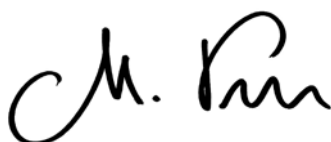
In the past couple of years, our basic business idea has been converted into a listed company with corporative structures. These structures and the basis upon which they are built are going to be continually enhanced and adjusted to meet global requirements.

The idea of sustainability is at the heart of our actions. "Green" investments are becoming increasingly popular and ongoing media coverage helps to make wood more widely known as a form of investment. The official quotation of teak shares in the VÖNIX VBV Austrian Sustainability Index is regarded a further positive sign.

THI AG currently aims to extend its plantations, as framework conditions to acquire further plantations are evidently beneficial. By 2014, the corporation would like to see its total plantation area more than double, amounting to roughly 4,500 hectares. Crucial preparatory steps have thus been taken in the past fiscal year.

As you can see, even in an intricate global setting our company takes its opportunities. These opportunities and chances have to be recognised and implemented in good time. We will be glad to inform you, Sirs and Madams, of these developments.

Linz, January 28, 2010



Dr. Martin Pree  
CEO / Chairman of the Management Board



We draw attention to the fact that the English translation of these consolidated financial statements is presented for the convenience of the reader only and that the German wording is the only legally binding version.

## TABLE OF CONTENTS

### **CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2009 OF TEAK HOLZ INTERNATIONAL AG**

#### **CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2009**

GENERAL INFORMATION, CONSOLIDATED GROUP	6
CONSOLIDATED INCOME STATEMENT FROM OCTOBER 1, 2008 TO SEPTEMBER 30, 2009 (PRIOR YEAR FOR COMPARISON)	7
CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2009 (PRIOR YEAR FOR COMPARISON)	8
CONSOLIDATED CASH FLOW STATEMENT FROM OCTOBER 1, 2008 TO SEPTEMBER 30, 2009 (PRIOR YEAR FOR COMPARISON)	9
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM OCTOBER 1, 2008 TO SEPTEMBER 30, 2009 (PRIOR YEAR FOR COMPARISON)	10
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	11
COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS	23
OTHER DISCLOSURES	40
<b>GROUP MANAGEMENT REPORT FOR THE FISCAL YEAR 2008/09</b>	<b>43</b>
<b>AUDITOR'S REPORT</b>	<b>57</b>
<b>REPORT OF THE SUPERVISORY BOARD</b>	<b>59</b>
<b>STATEMENT OF ALL LEGAL REPRESENTATIVES PURSUANT TO § 82 (4) (3) OF THE BÖRSEG</b>	<b>61</b>

## GENERAL INFORMATION

Teak Holz International AG (the Company) domiciled in Linz, and its subsidiaries (“THI Group“), is a company specialized in sustainable teak forest investments in Costa Rica.

On March 28, 2007, Teak Holz International AG made an initial public offering at the Vienna Stock Exchange. The shares of Teak Holz International AG have been traded on the Vienna Stock Exchange in the standard market continuous segment since March 29, 2007. Ticker symbol: TEAK, ISIN: AT0TEAKHOLZ8.

## CONSOLIDATED GROUP

As of the balance sheet date September 30, 2009, THI Group, in addition to Teak Holz International AG, includes eight subsidiaries (one of them domiciled in Austria and seven domiciled in Costa Rica). All subsidiaries were fully consolidated.

As of September 30, 2009, the consolidated group is as follows:

	COMPANY NAME	COUNTRY	CORPORATE DOMICILE	SHARE 2008/09
1	Plantacion Austriaca Teca, S.A.	Costa Rica	San Jose Province, County 04 Puriscal	100 %
2	Finca De Los Austriacos, S.A.	Costa Rica	San Jose Province, County 04 Puriscal	83.70 %
3	Finca De Los Austriacos Numero Dos, S.A.	Costa Rica	San Jose Province, County 04 Puriscal	100 %
4	Finca De Los Austriacos Teca Tres, S.A.	Costa Rica	Province of Puntarenas, County 09, Parrita	100 %
5	Finca De La Teca, S.A.	Costa Rica	Province of Puntarenas, County 01, Parrita	100 %
6	Segunda Plantacion Austriaca Teca, S.A.	Costa Rica	San Jose Province	100 %
7	Servicios Austriacos Uno, S.A.	Costa Rica	Alajuela-Alajuela, La Garita	100 %
8	Teak Holz Handels- und Verarbeitungs GmbH	Austria	Linz	100 %



## CONSOLIDATED INCOME STATEMENT

for the period from October 1, 2008 to September 30, 2009 (Prior year for comparison)

in EUR	NOTES*	2008/09	2007/08 TEUR
Revenue		816,283	311
Gains/losses arising from changes in fair value less point-of-sale costs of biological assets	3	-4,270,654	6,549
Changes in inventory		17,294	-1
Cost of materials and purchased services and write-downs on timber inventories	12	-4,966,574	-349
Personnel expenses	13	-1,946,833	-1,823
Depreciation and amortization		-146,453	-128
Other operating income	14	541,038	130
Other operating expenses	15	-1,864,327	-2,057
<b>Earnings before interest and taxes (EBIT)</b>		<b>-11,820,227</b>	<b>2,632</b>
Financial income	16	1,297,667	210
Financial expenses	16	-407,810	-668
<b>Financial result</b>		<b>889,856</b>	<b>-458</b>
<b>Earnings before taxes (EBT)</b>		<b>-10,930,371</b>	<b>2,174</b>
Taxes on income	17	817,046	506
<b>Consolidated loss/profit for the year</b>		<b>-10,113,325</b>	<b>2,680</b>
<b>thereof attributable to:</b>			
Equityholders of the parent company		-10,113,325	2,680
Minority shareholders		0	0
<b>Earnings per share (EUR) attributable to the equityholders of the parent company</b>			
- basic earnings per share	18	-1.62	0.43
- diluted earnings per share		-1.62	0.43

\* NOTES: find comments on the consolidated financial statements, beginning page 23



## CONSOLIDATED BALANCE SHEET

as of September 30, 2009 (Prior year for comparison)

in EUR	NOTES	9/30/2009	9/30/2008 TEUR
<b>ASSETS</b>			
Intangible assets		14,050	10
Property, plant and equipment	2	11,517,604	11,365
Biological assets	3	109,664,514	117,787
Trade receivables and other non-current assets		197	0
Deferred tax assets	10	2,680,331	2,032
<b>Non-current assets</b>		<b>123,876,696</b>	<b>131,194</b>
Inventories	4	155,178	382
Financial assets (restricted cash)	5	500,000	2,500
Trade receivables		148,003	208
Other receivables and current assets		143,918	114
Cash and cash equivalents	6	899,236	819
<b>Current assets</b>		<b>1,846,334</b>	<b>4,024</b>
<b>Total assets</b>		<b>125,723,030</b>	<b>135,218</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	7		
Share capital		31,205,160	31,205
Other reserves		57,465,696	59,536
Earnings reserves		13,347,543	21,391
<b>Equity attributable to equityholders of the parent company</b>		<b>102,018,399</b>	<b>112,132</b>
Minority interests		324	0
<b>Total equity</b>		<b>102,018,724</b>	<b>112,132</b>
<b>Liabilities</b>			
Non-current financial liabilities	8	14,802,141	9,714
Employee benefits	11	145,283	131
Other non-current debt		6,020	7
Deferred tax liabilities	10	7,243,312	7,418
<b>Non-current liabilities</b>		<b>22,196,756</b>	<b>17,270</b>
Current financial liabilities	8	261,440	4,580
Trade payables		213,016	357
Other current payables and accrued liabilities		1,033,093	878
<b>Current liabilities</b>		<b>1,507,550</b>	<b>5,816</b>
<b>Total liabilities</b>		<b>23,704,306</b>	<b>23,085</b>
<b>Total equity and liabilities</b>		<b>125,723,030</b>	<b>135,218</b>



## CONSOLIDATED CASH FLOW STATEMENT

for the period from October 1, 2008 to September 30, 2009 (Prior year for comparison)

in EUR	NOTES	2008/09	2007/08 TEUR
<b>Cash flow from operating activities</b>			
Consolidated loss/profit for the year		-10,113,325	2,680
Adjustments for:			
Depreciation/amortization of non-current assets		146,453	128
Depreciation/amortization of current assets		3,846,589	0
Gains/losses from the disposal of property, plant and equipment and intangible assets		4,530	16
Change in value of biological assets	3	4,270,654	-6,549
Change in employee benefits		14,095	76
Interest expenses/income	16	-889,856	458
Other non-cash income/expenses		174,460	23
Income taxes	17	-817,046	-506
		<b>-3,363,446</b>	<b>-3,675</b>
Change in trade receivables and other assets		30,236	-125
Change in inventories		5,881	13
Change in trade payables, other debt and accrued liabilities		9,494	155
<b>Changes in working capital</b>		<b>45,612</b>	<b>44</b>
Interest paid		-341,318	-412
Interest received		153,500	210
Income taxes paid		-6,047	-6
<b>Net cash flow from operating activities</b>		<b>-3,511,699</b>	<b>-3,839</b>
<b>Cash flow from investing activities</b>			
Investments in property, plant and equipment and intangible assets		-327,636	-489
Proceeds from the disposal of property, plant and equipment and intangible assets		0	84
Proceeds from financial investments (restricted cash)		2,000,000	0
<b>Net cash flow from investing activities</b>		<b>1,672,364</b>	<b>-405</b>
<b>Cash flow from financing activities</b>			
Repayment of borrowings		-4,404,193	-2,500
Payments from borrowings		6,323,560	1,542
<b>Net cash flow from financing activities</b>		<b>1,919,367</b>	<b>-958</b>
<b>Change in cash and cash equivalents</b>		<b>80,032</b>	<b>-5,201</b>
Cash and cash equivalents as of October 1	6	819,204	6,021
<b>Cash and cash equivalents as of September 30</b>		<b>899,236</b>	<b>819</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from October 1, 2008 to September 30, 2009 (Prior year for comparison)

SHARE OF SHAREHOLDERS IN TEAK HOLZ INTERNATIONAL AG						
in Euro	NOTES	Share capital	Capital reserves	Retained earnings and earnings reserves	Minority interests	Total equity
Balance as of October 1, 2007	7	31,205,160	61,785,401	16,461,588	324	109,452,473
Consolidated profit for the year		0	0	2,679,575	0	2,679,575
<b>Total net income</b>		<b>31,205,160</b>	<b>61,785,401</b>	<b>19,141,163</b>	<b>324</b>	<b>112,132,048</b>
Reclassifications		0	-2,249,796	2,249,796	0	0
<b>Balance as of September 30, 2008</b>		<b>31,205,160</b>	<b>59,535,605</b>	<b>21,390,959</b>	<b>324</b>	<b>112,132,048</b>
Balance as of October 1, 2008		31,205,160	59,535,605	21,390,959	324	112,132,048
Consolidated loss/profit for the year		0	0	-10,113,325	0	-10,113,325
<b>Total net income</b>		<b>31,205,160</b>	<b>59,535,605</b>	<b>11,277,634</b>	<b>324</b>	<b>102,018,724</b>
Reclassifications		0	-2,069,909	2,069,909	0	0
<b>Balance as of September 30, 2009</b>		<b>31,205,160</b>	<b>57,465,696</b>	<b>13,347,543</b>	<b>324</b>	<b>102,018,724</b>



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented.

### 1. Basis of preparation

The consolidated financial statements as of September 30, 2009 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and the provisions of the Austrian Commercial Code to be complied with pursuant to Section 245a UGB.

The consolidated financial statements have been prepared under the historical cost convention, except for biological assets (teak trees), which at the balance sheet date are stated at their fair value less estimated selling costs.

The preparation of consolidated financial statements in conformity with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 20.

Those IFRS which are already mandatory for accounting periods ending September 30, 2009 are applied to all periods presented in these consolidated financial statements.

For the purpose of clarity, amounts are rounded and – where stated – reported in thousands of euros. However, the exact amounts, including the digits not displayed, are used for calculations so that arithmetic differences may arise as a result.

The consolidated financial statements were prepared by the management and authorized for issue as of the date of signature. The separate financial statements of the parent company, which were included in the consolidated financial statements after transition to the applicable accounting standards, have not yet been adopted by the supervisory board. The supervisory board and the shareholders can change the separate financial statements in a way which might also affect the presentation of the consolidated financial statements.

#### **a. Interpretation, new standards and amendments to standards effective in the fiscal year 2008/09 or adopted voluntarily**

There were no new or amended provisions to be applied for the first time in the fiscal year.

The Company voluntarily adopted IAS 1 (amendment) "Presentation of financial statements" early, which replaces the existing IAS 1. The main changes to the previous version are that an entity shall a) present all non-owner changes either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity and b) present a statement of financial position (balance sheet) as at the beginning of the earliest comparative period in a complete set of financial statements when the entity applies an accounting policy retrospectively or makes a retrospective restatement, and c) disclose income tax relating to each component of other comprehensive income, and d) disclose reclassification adjustments relating to the components of other comprehensive income. The first-time application resulted in minor changes in the presentation of the income statement and the statement of changes in equity.

#### **b. New standards and interpretations adopted by the European Union**

IFRS 8, "Operating segments", (mandatory for accounting periods beginning on January 1, 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US Standard SFAS 131, "Disclosures about segments of an enterprise and related information". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Company will apply IFRS 8 for accounting periods from October 1, 2009.

The first-time adoption will have the following impact on the consolidated financial statements:  
Change of business segments on the basis of the internal reporting structure in the next fiscal year.

IFRS 3 (revised) "Business combinations" and IAS 27 (amendment) "Consolidated and separate financial statements" (mandatory for reporting periods beginning on or after July 1, 2009). In case of future business combinations that fall under the scope of this standard, the Company intends to adopt the amended standards for accounting periods beginning on or after October 1, 2009.

A number of additional amendments to standards and interpretations were published and adopted by the European Union. The impact of these provisions on the Company's consolidated financial statements are not material and, therefore, not presented in detail.

**c. Standards, interpretations and amendments to published standards that have not yet been adopted by the European Union and which are not relevant for the Group**

A number of amendments to standards and interpretations have already been published, but not yet adopted by the European Union. The impact of these provisions on the Company's consolidated financial statements are not material and, therefore, not presented in detail.

## 2. Consolidation

The financial statements of companies included in the consolidated financial statements were prepared according to uniform accounting and measurement principles. To that end, the financial statements drawn up in accordance with country-specific or international regulations are adjusted to the uniform group accounting and measurement principles.

IFRS require the mandatory application of IFRS 3 for business combinations. The Costa Rican subsidiaries are pure property companies that do not constitute businesses as defined by IFRS 3. When an entity acquires a group of assets or net assets that does not constitute a business, it shall allocate the cost of the group between the individual identifiable assets and liabilities in the group based on their relative fair values at the date of acquisition (IFRS 3.4). Accordingly, a deferred tax liability is not recognized in this case, either (see IAS 12.15b).

All inter-company receivables and liabilities, sales, interest expenses and income and other income and expenses of the consolidated group were eliminated. Inter-company results are also eliminated, unless they are immaterial.

Minority interests are accounted for as separate items within equity.

### 3. Segment reporting

#### a. General

A segment is a distinguishable component of an entity that is engaged in providing products or services (business segment), or engaged in providing products or services within a particular economic environment (geographical segment) and that is subject to risks and returns that are different from those of other segments.

#### b. Segment reporting of THI Group

Segment results and assets comprise amounts that are directly attributable to a segment, or that can be allocated on a reliable basis to a segment. Non-allocated amounts mainly include interest-bearing loans, credits and expenditure.

Since the Group is engaged exclusively in the raising of teak trees and the distribution of teak wood, which constitutes the sole business segment, segment information is presented exclusively at the level of geographical segments of the THI Group. The presentation of the geographical segments is based on the management's internal reporting structure.

In the past fiscal year, the sales company Teak Holz Handels- und Verarbeitungs GmbH, Linz, mainly generated revenue from the sale of finished products, but in the future will almost exclusively take over the distribution activities for the Costa Rican subsidiaries. For this reason, this company is not presented separately in the segment reporting.

In the presentation on basis of geographical segments the segment revenue is based on the geographical location of the customers, segment assets are based on the geographical locations of the assets. This particularly applies to the teak wood plantations located in Costa Rica.

### 4. Foreign currencies

#### a. Functional currency and reporting currency

The consolidated financial statements are prepared in euro, which is the functional currency and the reporting currency of Teak Holz International AG, Linz. Functional currency of the Costa Rican subsidiaries is also the euro due to the activity as pure property company and financial structure in accordance with IAS 21.

#### b. Transactions and balances

Transactions in foreign currencies are measured at the foreign exchange rate prevailing at the date of the transaction. Monetary balance sheet items that are stated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate prevailing at the balance sheet date. Currency translation differences arising from the translation are recognized in the consolidated income statement. Non-monetary balance sheet items in foreign currencies which are measured at their fair value are translated into the functional currency at the foreign exchange rates prevailing at the time the financial statements are prepared.

The exchange rates used are as follows:

in Euro	PERIOD-END RATE 9/30/2009	PERIOD-END RATE 9/30/2008	AVERAGE RATE 2008/09	AVERAGE RATE 2007/08
TCRC*	0.86458	0.81554	0.78172	0.788
USD	1.45920	1.44487	1.35475	1.504

\* Thousand Costa Rican Colónes

## 5. Property, plant and equipment

Property, plant and equipment is stated at acquisition cost less systematic depreciation. Acquisition costs include the purchase price plus directly attributable incidental acquisition costs. Depreciation is charged on a straight-line basis over the expected useful lives of the assets and recognized directly in the consolidated income statement. Land is not subject to depreciation. The following useful lives are applied:

	YEARS
Leasehold improvements	10 - 33.3
IT equipment (hardware)	3 - 5
Machinery and technical equipment	4 - 5
Automobiles	5
Factory and office equipment	5 - 10

In accordance with IAS 36, impairment is charged if the recoverable amount of an asset is less than its carrying amount. The recoverable amount represents the higher of fair value less cost to sell or value in use of an asset.

The difference between the proceeds from the sale of property, plant and equipment and the carrying amount at the time of disposal is recognized as gain or loss in the operating result.

## 6. Biological assets

The Group is engaged almost exclusively in forestry. In accordance with IAS 41 "Agriculture", agricultural activity is defined as the management by an entity of the biological transformation of biological assets for sale into agricultural produce, or into additional biological assets.

The Company is specialist in sustained teak forest investments in Costa Rica. It is focused on the search for and afforestation of land suitable for the production of the valuable teak wood (plantation development), the care and intensive raising of teak plantations (operation), as well as the distribution of the teak wood. Biological assets with a life cycle of many years shall be measured on initial recognition and at each balance sheet date at their fair value less estimated point-of-sale costs.

A gain or loss arising on initial recognition of a biological asset at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological asset shall be included in profit or loss for the period in which it arises.

## 7. Intangible assets

Intangible assets are stated at acquisition cost less systematic amortization. Acquisition costs include the purchase price plus directly attributable incidental acquisition costs. Amortization is charged on a straight-line basis over the expected useful lives of the assets, as of the date of first use, and recognized in the consolidated income statement.

The following useful lives are applied: Software: 5 years

In accordance with IAS 36, impairment is charged if the recoverable amount of an intangible asset is less than its carrying amount. The recoverable amount represents the higher of fair value less cost to sell or value in use of an asset. The difference between the proceeds from the sale of intangible assets and the carrying amount at the time of disposal is recognized as gain or loss in the operating result.

## 8. Financial instruments

Original financial instruments recognized in the consolidated balance sheet mainly comprise cash and cash equivalents, trade receivables, other assets, restricted cash at banks, trade payables, loan liabilities and other long-term debt. The accounting and measurement policies stated under the respective balance sheet item apply to these financial instruments.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Accounts payable are recognized at amortized cost. Foreign currency payables are measured at the exchange rate prevailing at the balance sheet date. Interest-bearing financial liabilities are initially recognized at fair value less transaction costs incurred; subsequently, they are measured at amortized cost using the effective interest method. Borrowing costs are recognized as expense in the consolidated income statement in the period in which they occur.

In the reporting year and in the prior fiscal year, the Company had no derivative financial instruments.

### Usufruct rights

In accordance with IAS 32.16.a) (i), the usufruct rights granted by "Finca De Los Austriacos Numero Dos, S.A." are classified as other financial liabilities and recognized and measured pursuant to IAS 39. The liability is paid after the harvest of the teak wood (less a lump sum payment for selling expenses, harvest costs and administrative expenses) depending on the value of the teak wood and the quantity of solid cubic meters produced. Hence, this constitutes a non-financial, company-specific parameter so that no embedded derivative can be separated. The usufruct rights are subsequently measured at amortized cost for the entire financial instrument using the effective interest method, the effective interest rate being determined according to the expected life of the instrument. To this end, the cash outflows over the contractual period, the value (based on the respective market price at the balance sheet date for different qualities of solid cubic meters of teak wood expected to be produced, discounted to the respective balance sheet date) and the probability of their occurrence are estimated and adjusted through profit or loss.

### Financial liabilities to shareholders

In addition to the equity component (nominal amount EUR 324) recognized under the item "minority interests", the minority shareholders of "Finca De Los Austriacos, S.A.", according to a contractual arrangement, are entitled to the payment of a share in the proceeds from sales. This is carried out after the harvest of the teak trees (selling, care, harvest costs) and dependent on the value of the teak wood and solid cubic meters produced. The Group holds a purchase option for the minority interests after the final harvest and use of the teaks grown on this plantation in the amount of the paid-up nominal.

The Group accounts for and measures the contractual arrangement as a compound financial instrument and identifies an equity and liability component in accordance with IAS 32.28. From an economic perspective, the design of the payment claim of minority shareholders from the liability component is no different than the cash flows associated with the usufruct rights. In accordance with IAS 32.31 in conjunction with IAS 32.32, the financial liability on initial recognition shall be measured first, and only the residual amount (of the consideration received) shall be accounted for as equity component and measured. This amount equals the paid-up nominal (EUR 324). A subsequent measurement of the equity component is not made, whereas other financial liabilities are accounted for and measured in accordance with the above-mentioned accounting principles on usufruct rights.

## 9. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## 10. Trade receivables and other assets

Trade receivables and other assets are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognized in the consolidated income statement. When a trade receivable is uncollectible, it is written off.

## 11. Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank deposits. Current assets due within three months, which are subject to only minor fluctuations in value, are included as cash equivalents. Bank overdrafts are shown within borrowings in current liabilities on the consolidated balance sheet.

## 12. Deferred taxes

Deferred tax assets/liabilities are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax assets/liabilities are not accounted for if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets/liabilities are determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Temporary differences mainly arise from the differences in measurement of biological assets, non-current and current assets, on the recognition and measurement of provisions, as well as from tax loss carryforwards.

Deferred tax assets/liabilities are provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.



### 13. Employee benefits

The employee benefit obligations relate exclusively to contractual termination benefits payable to managing directors of Teak Holz International AG. These are recognized at the amount of future obligations, discounted by 4% (prior year: 5%).

### 14. Other provisions and contingent liabilities

Provisions are set up when THI Group has a present legal or constructive obligation to third parties as a result of past events and it is probable that an outflow of resources will be required to settle the obligation. The provisions are recognized at the amount that represents the best estimate of expenses required to settle the obligation.

Provisions are measured at the present value of expected expenditure, with a pre-tax interest rate taking into account the current market expectations regarding the interest effect and the risks associated with the obligation. Increases in the provisions resulting from the mere compounding of interest are recognized as interest expenses in the consolidated income statement.

### 15. Revenue recognition

#### a. Sales revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue from the sale of goods is recognized in the income statement when significant risks and rewards of ownership have been transferred to the buyer and when the amount of the revenue can be measured reliably.

#### b. Interest income

Interest income is recognized pro rata temporis using the effective interest method.

### 16. Government grants

Government grants are presented in the balance sheet as deferred income at the date of origin, if there is reasonable assurance that the grants will be received and the Group will comply with the conditions attaching to them. Government grants received by the Group as compensation for expenses incurred are recognized in the consolidated income statement in the periods in which the expenses were incurred. Such grants received by the Group as compensation for the costs of an asset are recognized systematically in the consolidated income statement as other operating income over the useful life of the asset. Government grants, if any, are recognized as deferred income under non-current liabilities.

### 17. Leases

Leases in which all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases at the lessee. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease. In case a lease is terminated early, possible contract penalties or charges incurred are immediately recognized in the consolidated income statement in the period of contract termination.

## 18. Research and development

Expenses for research activities are expensed as incurred (2008/2009: TEUR 88, 2007/08: TEUR 186). In the past fiscal year, no development activities have taken place.

## 19. Risk management

Due to the significant changes in the global economy since fall 2008, the existence of an effective risk management has gained great importance and highlighted the need for a preventive system. The global development on the financial market and in the real economy has also resulted in an adjustment of the legal framework, designed to create more transparency for the investor. Risk management in connection with crisis and knowledge management, if coordinated, shall be deemed a comprehensive opportunities management system. It may help the Company to see risks as opportunities and sustainably turn them into successes.

### a. The risk management system of THI Group

Although the Group has been considering the technical, legal, financial and other risks in the management decisions and business processes in previous fiscal years, a systematic risk management was only being implemented. Therefore, in the reporting period, THI Group defined objectives, created the organizational framework and determined processes ensuring an up-to-date risk management system.

According to the objective, the risk management system is designed in a way that the systematic approach helps to ensure the ability of the Company to continue as a going concern in the long term. Negative differences and changes in the risk position are identified immediately by the system and preventive measures are taken in order to proactively avoid any damage arising and minimize the extent, respectively, or reactively overcome them.

Thus, in the reporting period, all risks were identified by the responsible decision-makers and assessed with regard to extent of the potential damage impact and probability of occurrence. Priorities were determined and hedging instruments, as well as decision bases for the risk strategy worked out.

The Group's international activities expose it to a variety of financial risks, most notably the foreign exchange risk, interest rate risk and credit risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

### **Risk management structure:**

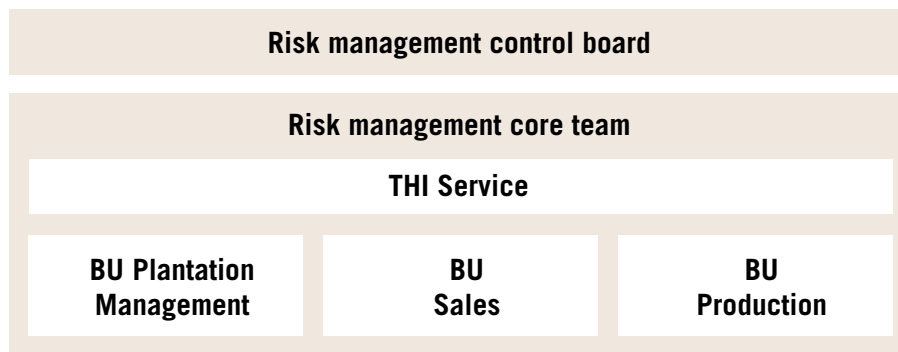
Risk management is conducted by the management board as a whole on the basis of guidelines issued. According to the hierarchy of the Group, all associated companies, all departments, executives and employees are integral parts of the risk management. The organization of the risk management is divided into risk management control board and risk management core team. The control board is responsible for managerial functions and ultimate decisions. The core team is made up of the heads of individual departments. Additional members, internal and external, are consulted as required.

### **Risk management process:**

The process of THI AG's risk management is designed in a way that the legal provisions and the economically necessary requirements to an effective risk management system are met. The members of the risk management core team are responsible for the operating implementation and constant development of the risk management system. The risk management core team, under the monthly reporting system, regularly reports also on the risk position within the department. The risk management control board invites quarterly, if required, at least however every six months, to a "risk stock-taking". In doing so, the date is set in good time in line with the quarterly reports addressed to the public. In addition to the regular reporting intervals, reciprocal reporting is to be performed anytime and immediately in case of changes in the risk position between the board and the core team. In doing so, the risk interdependencies between the departments and the effects on the Group's overall risk position are always evaluated. Based on this evaluation, appropriate controlling measures are taken.

**Outlook:**

With the beginning of the fiscal year 2009/10, as of October 1, 2009, the organization of the risk management system was adjusted to the new business unit structure and segmentation of the Group. In the future, the organization of the risk management system will be based on the areas of responsibility of the business units “BU Plantation Management”, “BU Sales”, “BU Production” and the supporting “THI Service”.



In the Group’s internal risk analysis, the following significant risk groups were defined and are described below:

**b. Liquidity risk**

Particularly in times of the global financial crisis, the financial power of the Group, i.e. ensuring the liquidity, is of crucial importance. The business model of the company in the growth stage focuses on the long term, so that naturally the break-even point is expected late, but is clearly predictable. Up to the time when the investments and preproduction costs that have already been required and the current operating expenses can be covered by the sale of teak wood from own plantations, ensuring the medium-term liquidity, from today’s perspective, seems to be the major corporate risk. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit lines.

The cash inflows planned in the prior period – that is prior to the beginning of the economic crisis – for the fiscal year 2008/09 from the first thinnings of the own plantations were significantly lower than expected. Reasons for this included the decline in sales prices for thinning wood of small tree diameter and the related decrease in the cutting of trees.

In line with the risk management hedging measures, steps planned by the management were implemented in the fiscal year 2008/09 to raise additional debt capital in order to meet the liquidity need. The Group ensured the necessary liquidity by funding through a shareholder loan, and additional credit lines were successfully secured in the second half of the year. At the same time, the Group continues to pursue a strict budget policy. Based on the budgeting, management expects the operating cash flow in the fiscal year 2009/10 to be negative again. However, through intensified measures in the area of third-party timber trade and increasing revenue from the sale of teak terraces, it is intended to reduce the negative cash flow. In addition, measures to implement further expansion steps are prepared, which would also have a positive effect on the reduction of the liquidity risk. As was already planned in the initial public offering in 2007, liquidity is to be ensured through debt capital until the first significant revenues are generated. Therefore, provided the expected cash flows are realized in the future, the going concern of the Company should be secured at least in the medium term.

**c. Market risk**

The sales price of teak wood is an important parameter for the result of the Company. Since there is no comparable market price for plantation teak wood, the price is fixed for each contract, depending on several factors. As a result of the first signs of the global economic downturn, declines in prices had to be expected for thinning wood of small diameter. Therefore, as immediate measure, as already mentioned under liquidity risk, the Group reduced the cutting of trees to an extent which is still acceptable for a healthy growth of the forest. Nevertheless, the wood inventories existing at mid-year had to be written down to the lower net realizable value. However, the Group takes advantage of the tree growth as time buffer, and waits for the trees to grow in height and diameter and to develop into a constantly higher quality class. Thus, in the medium and long term, management expects a positive development of market prices. As a result of the detailed coordination between the operating business units Sales and Plantation Management, the optimal supply quantities and wood qualities are planned and distributed. The external dependency in the purchase of wood from third parties and its corresponding availability transitively influence the trade margin and can constitute a risk in the operating core business.

Under the risk management strategy, the Group continues to focus on promoting the distribution. Thus, during the reporting period, the distribution structure was established nationally and internationally and the market presence was strengthened. Through reliability, adherence to delivery dates and high quality standards in the core business, the Company tries to strengthen its positive image and constantly increase the popularity of the brands in the industry. As hedging measures against the market risk, the Company focuses on market diversification, adjustment of distribution channels and regional segmentation, as well as on fixing prices with customers for the medium term. The Group will continue to hedge against the market risk through the conclusion of supply contracts with its customers. It is planned to provide for adequate price and quality ranges under the supply contracts in order to counter the market and market price risk as far as possible.

**d. Credit risk**

The best possible way to minimize credit risk is to agree on special payment terms for commercial transactions. In the international business with traders, wholesalers and major processors advance payments (cash in advance, cash by wire) for placing orders and letters of credit for providing payment guarantees have been established and enforced. Agreements on derivative financial instruments and financial transactions are transacted only with financial institutions of high credit standing.

**e. Foreign exchange risk**

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and CR colon. Foreign exchange risks arise from expected future transactions, recognized assets and liabilities and net investments in foreign operations. To hedge against these risks, it is planned to agree on the euro as transaction currency whenever possible. For business transactions denominated in a foreign currency, it is planned to hedge against the foreign exchange risk through derivative financial instruments, transacted by the finance department of the Group's parent company.

If the exchange rate of the U.S. dollar as of September 30, 2009 (September 30, 2008) had changed by the percentage specified below („volatility“), the pre-tax profits, due to changes in fair values of financial liabilities, provided all other variables had remained constant, would have been higher or lower by the following amounts:

Currency	Volatility	Hypothetical impact on result in TEUR	
		September 30, 2009	September 30, 2008
USD	+10%	-286	-297
USD	-10%	0	21

**f. Cash flow and interest rate risk**

Interest rate risk is the risk arising from fluctuations in the value of financial instruments, other balance sheet items (e. g. receivables and payables) and/or cash flows due to fluctuations in the market interest rates. For fixed-interest balance sheet items, the risk comprises the present value risk. In case the market rate for the financial instrument fluctuates, either a profit or a loss may result if the financial instrument is sold prior to maturity.

For variable-interest balance sheet items, the risk relates to the cash flow. With variable-interest financial instruments, adjustments in the interest rates may result from changes in the market rates. Such changes would entail changes in interest payments. Variable-interest (both short-term and long-term) financial liabilities account for the major part of financial interest balance sheet items. An interest rate risk, i.e. possible fluctuations in the value of financial instruments due to changes in market interest rates, arises particularly with medium and long-term fixed interest receivables and payables.

Changes in market interest rates of fixed-interest original financial instruments only have an impact on the result, if these are measured at fair value. Consequently, all fixed-interest financial instruments measured at amortized cost are not subject to interest rate risks in terms of IFRS 7. Changes in market interest rates affect the interest result of variable-interest original financial instruments whose interest payments are not designated as underlyings under cash flow hedges against interest rate risks, and therefore are included in the calculation of the result sensitivities. If the market interest rate had been 100 basis points higher (lower), the earnings before taxes as of September 30, 2009 would have been lower (higher) by TEUR 63 (September 30, 2008: TEUR 53). Due to the short maturity, the carrying amounts of trade receivables and other receivables and payables, as well as cash recognized in the balance sheet approximate the fair values.

**g. Capital risk management**

The objectives of the Group with regard to capital risk management are to ensure the Company's ability to continue as a going concern and to maintain an optimal capital structure. Up to the first major thinning revenues generated by the Group, the Company will be debt financed. The Group undertakes various measures to obtain borrowings at optimal conditions.

In order to monitor the capital structure, the Group calculates the gearing ratio from the proportion of net debt to total capital. Net debt consists of financial liabilities according to the consolidated balance sheet less cash and cash equivalents. Total capital is calculated as equity according to the consolidated balance sheet plus net debt.

Another objective of capital risk management is to generate a suitable leverage effect. In this context, the management seeks to achieve a gearing ratio of a maximum of 25%. This is designed to ensure that in the future (even in case the planned parameters for the thinning and cutting measures fall short of expectations) the financing in any case will primarily be equity based.

in TEUR	2008/09	2007/08
Non-current financial liabilities	14,802	9,714
Current financial liabilities	261	4,580
Cash and cash equivalents	-899	-819
Net debt	14,164	13,475
Equity	102,019	112,132
Total capital	116,183	125,607
Gearing ratio	12.19%	10.73%

The characteristic of financial liabilities changed from short-term to long-term. The main reasons for the rise in the gearing ratio are the increase in the portion of long-term debt and the negative cash flow of the past fiscal year.

Based on the currently available information and the measures taken, at the present time management assumes that the Company will be able to continue as a going concern despite the identified risks.

## 20. Critical accounting estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make assessments, estimates and judgments which have an impact on the application of the guidelines and carrying amounts of assets and liabilities, income and expenses. The estimates and respective assumptions are based on historical experience and on other factors that are believed to be reasonable under the circumstances. The result forms the basis for carrying amounts that cannot be derived from other sources. Actual results may differ from these estimates.

Estimates and respective assumptions are reviewed periodically. Changes in estimates are considered in the period in which the estimate was reviewed, if the review relates only to this period, or in the review period and future periods, if the review relates to both current and future periods. Furthermore, there are insignificant uncertainties regarding the recoverability of the deferred tax assets recognized on tax loss carryforwards.

The area in which such estimates and assumptions have a significant impact on the consolidated financial statements relates primarily to the measurement of biological assets (taking into account the resulting effects in the determination of deferred income taxes). This is explained in more detail under Note 3 in the notes to the consolidated financial statements.

Estimates and assumptions are also required for other balance sheet items. In case estimates and assumptions change, this would not have material effects on the Group's financial position and financial performance.



## COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

### Index

1. Segment reporting	24
2. Property, plant and equipments	26
3. Biological assets in Costa Rica	27
4. Inventories	31
5. Current financial assets (restricted cash)	32
6. Cash and cash equivalents	32
7. Equity	32
8. Financial liabilities	33
9. Additional disclosures on financial instruments	34
10. Deferred tax assets and liabilities	36
11. Employee benefits	37
12. Cost of materials, cost of sales, other purchased services and write-downs on timber inventories	37
13. Personnel expenses	37
14. Other operating income	38
15. Other operating expenses	38
16. Financial result	38
17. Taxes on income	39
18. Earnings per share	39
19. Acquisitions of Costa Rican property companies	39
20. Business combinations	40
21. Number of employees	40
22. Contingent liabilities	40
23. Related party transactions	40
24. Events after the balance sheet date	41

## COMMENTS TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Segment reporting

in EUR	GEOGRAPHICAL SEGMENTS			
	Costa Rica		Austria	
	9/30/2009	9/30/2008	9/30/2009	9/30/2008
Revenue	24,648	0	980,302	311,257
Losses/gains arising from changes in fair value less point-of-sale costs of biological assets	-4,270,654	6,549,193	0	0
Changes in inventories	0	0	17,294	-1,267
Other operating income	150,846	0	390,192	129,653
<b>Segment income incl. increase in value of biological assets</b>	<b>-4,095,160</b>	<b>6,549,193</b>	<b>1,387,788</b>	<b>439,642</b>
Cost of materials and purchased services and write-downs on timber inventories	4,533,515	209,330	433,059	140,088
<b>Operating result</b>	<b>-9,514,960</b>	<b>5,403,106</b>	<b>-2,305,269</b>	<b>-2,771,547</b>
Interest result	1,083,314	-246,057	-193,457	-211,881
Taxes on income	193,398	-478,001	623,648	983,954
<b>Profit/loss for the year</b>	<b>-8,238,248</b>	<b>4,679,048</b>	<b>-1,875,078</b>	<b>-1,999,474</b>
<b>Total segment assets</b>				
Property, plant and equipment and intangible assets	10,847,533	10,661,110	684,121	714,058
Biological assets	109,664,514	117,786,916	0	0
Other assets	48,546	34,722	1,797,986	3,989,148
Deferred tax assets	0	0	2,603,976	2,031,552
<b>Total assets</b>	<b>120,560,592</b>	<b>128,482,747</b>	<b>5,086,082</b>	<b>6,734,758</b>
<b>Total segment liabilities</b>				
Total liabilities	7,600,175	8,709,764	8,860,820	6,958,066
Deferred tax liabilities	7,166,956	7,417,625	0	0
<b>Total liabilities</b>	<b>14,767,131</b>	<b>16,127,389</b>	<b>8,860,820</b>	<b>6,958,066</b>





Consolidation		Group	
9/30/2009	9/30/2008	9/30/2009	9/30/2008
-188,667	0	816,283	311,257
0	0	-4,270,654	6,549,193
0	0	17,294	-1,267
0	0	541,038	129,653
<b>-188,667</b>	<b>0</b>	<b>-2,896,039</b>	<b>6,988,835</b>
0	0	4,966,574	349,418
<b>0</b>	<b>0</b>	<b>-11,820,228</b>	<b>2,631,559</b>
0	0	889,856	-457,938
0	0	817,046	505,953
<b>0</b>	<b>0</b>	<b>-10,113,325</b>	<b>2,679,574</b>
0	0	11,531,653	11,375,168
0	0	109,664,514	117,786,916
0	0	1,846,531	4,023,870
0	0	2,603,976	2,031,552
<b>0</b>	<b>0</b>	<b>125,646,675</b>	<b>135,217,505</b>
0	0	16,460,995	15,667,830
0	0	7,166,956	7,417,625
<b>0</b>	<b>0</b>	<b>23,627,951</b>	<b>23,085,455</b>



## COMMENTS TO THE CONSOLIDATED BALANCE SHEET

### 2. Property, plant and equipments

in EUR	LAND BUILDINGS	FACTORY AND OFFICE EQUIPMENT, VEHICLE FLEET	TECHNICAL EQUIPMENT AND MACHINERY	TOTAL
<b>Acquisition cost</b>				
October 1, 2008	10,891,545.01	470,914.96	186,123.83	11,548,583.80
Additions	0.00	84,228.00	216,231.91	300,459.91
Disposals	0.00	-23,662.54	-5,391.56	-29,054.10
<b>September 30, 2009</b>	<b>10,891,545.01</b>	<b>531,480.42</b>	<b>396,964.18</b>	<b>11,819,989.61</b>
<b>Depreciation</b>				
Retransfers	45,953.46	112,335.25	24,956.90	183,245.61
Depreciation of the fiscal year	30,645.82	45,961.26	34,658.11	111,265.19
Disposals	0.00	7,359.20	515.76	7,874.96
<b>September 30, 2009</b>	<b>76,599.28</b>	<b>165,655.71</b>	<b>60,130.77</b>	<b>302,385.76</b>
<b>Carrying amount</b>				
October 1, 2008	10,845,591.55	358,579.71	161,166.93	11,365,338.19
<b>September 30, 2009</b>	<b>10,814,945.73</b>	<b>365,824.71</b>	<b>336,833.41</b>	<b>11,517,603.85</b>

#### PRIOR YEAR:

in EUR	LAND BUILDINGS	FACTORY AND OFFICE EQUIPMENT, VEHICLE FLEET	TECHNICAL EQUIPMENT AND MACHINERY	TOTAL
<b>Acquisition cost</b>				
October 1, 2007	10,414,688.25	341,003.17	434,956.05	11,190,647.47
Retransfers	311,484.00	-19,447.87	-258,046.89	33,989.24
Additions	165,372.76	300,717.00	12,279.35	478,369.11
Disposals	0.00	-151,357.34	-3,064.68	-154,422.02
<b>September 30, 2008</b>	<b>10,891,545.01</b>	<b>470,914.96</b>	<b>186,123.83</b>	<b>11,548,583.80</b>
<b>Depreciation</b>				
October 1, 2007	0.00	42,707.36	15,931.27	58,638.63
Retransfers	20,435.24	0.00	-20,435.24	0.00
Depreciation of the fiscal year	25,518.22	40,469.20	29,191.31	95,178.73
Disposals	0.00	29,158.69	269.56	29,428.25
<b>September 30, 2008</b>	<b>45,953.46</b>	<b>112,335.25</b>	<b>24,956.90</b>	<b>183,245.61</b>
<b>Carrying amount</b>				
October 1, 2007	10,414,688.25	298,295.81	419,024.78	11,132,008.84
<b>September 30, 2008</b>	<b>10,845,591.55</b>	<b>358,579.71</b>	<b>161,166.93</b>	<b>11,365,338.19</b>

In the fiscal year 2008/09, rental and leasing expenses in the amount of TEUR 58 (prior year: TEUR 38) arose in the reporting period from the use of property, plant and equipment not recognized in the balance sheet. The recognized expenses do not include any conditional rent payments or payments from subleases. Based on leasing and rental agreements, the obligations for the coming years are as follows:

Obligations to third parties from operating leases:

in TEUR	2008/09	2007/08
Within the following year	35	28
Between one and five years	43	61
<b>Total</b>	<b>78</b>	<b>89</b>

The long-term loan in connection with the acquisition of the corporate property Schöndorf was secured by mortgage (TEUR 520). At the balance sheet date, obligations in the amount of EUR 24,000.00 exist for the acquisition of items of property, plant and equipment.

### 3. Biological assets in Costa Rica

#### Fundamental measurement principles in accordance with IAS 41

Biological assets with a lifecycle of many years shall be measured on initial recognition and at each balance sheet date at their fair value less estimated point-of-sale costs.

A gain or loss arising on initial recognition of a biological asset at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological asset shall be included in profit or loss for the period in which it arises.

In the case of THI Group, biological assets exclusively include the teak plants and trees (the teak plantations) grown in Costa Rica. In this context, the biological growth measured in random samples constitutes an important value factor. The measurement of biological assets is based on estimates by experts of the THI Group (as of September 30, 2008, based on independent expert estimates) and is adjusted annually. The value is determined using the discounted cash flow method. The discounted proceeds to be expected for the harvests less discounted costs necessary for the efficient establishment and care of a plantation and sale are calculated. The parameters used are the values of physical inventory-taking (average commercial value and average breast height diameter of the tree populations, number of trees per hectare and wood mass per hectare), financial data at the balance sheet date (USD exchange rate, yield 10Y treasury note + interest spreads customary in the market), conservative assumptions on future teak wood prices and the experiences of the forest engineers surveying the annual increase in inventory. As non-financial measures, the qualities of the inventory and the plantation areas are assessed by internal forestry experts. In case of a deterioration of current qualities, this could well lead to a downward revision of growth forecasts, quantities to be expected, prices and proceeds.

In this connection, reference is made to the fact that a transparent market for „in-growth teak wood plantations“ does not exist. That is why the carrying amounts of biological assets are based on a reconciliation procedure from independent estimate to fair value.

**Important parameters used in the determination of the fair value:**

Discount interest rate:	12.75% (prior year: 12.75%)
Basis for pricing:	ITTO (International Tropical Timber Organization - Annual and Monthly Reports), see Note b) „Disclosure on assumptions relating to the future and uncertainties in estimates regarding biological assets“

The first interference (thinning, reduction of the number of trees) is scheduled to take place in the dry period of the 7th or 8th year of the plantation's existence as carefully as possible to prevent damage to the remaining trees. That is why these interferences are performed and supervised by the Company's own staff. At the end of the forest rotation period, the butt logs, provided that systematic fertilization prevents a lack of nutrients in the soil, have reached their target diameter and can be cleared.

Biological assets generated by the Company itself (planting of teak seedlings on own land by THI Group), from the beginning, are measured at fair value less costs for care, forestation and estimated point-of-sale costs, taking into account an adequate growth allowance. In doing so, the following growth categories and allowances are used:

<b>1st growth category</b>	<b>Planting (year 0) - lignification (end of year 2)</b>	<b>Allowance 40%</b>
<b>2nd growth category</b>	<b>Lignification (end of year 2) - thinning (end of year 8)</b>	<b>Allowance 20%</b>
<b>3rd growth category</b>	<b>Thinning - final cutting</b>	<b>Allowance 0%</b>

Biological assets that are first recognized upon acquisitions or contributions of already seeded plantation areas are initially measured at acquisition cost. In the subsequent measurement, the fair value less point-of-sale costs is recognized on the basis of the measurement principles presented above. Gains arise only when the fair value, determined using the discounted cash flow method, less estimated point-of-sale costs of biological assets, taking into account growth allowances, exceeds the acquisition costs (or adjusted acquisition costs due to thinnings). Diminutions in value, by contrast, are recognized already in the period in which they arise.

**The carrying amounts of biological assets (teak plantations) in Costa Rica are as follows:**

in EUR	
Carrying amount as of October 1, 2008	117,786,915.88
Change in fair value	-4,270,653.88
Harvest	-3,851,748.00
<b>Carrying amount as of September 30, 2009</b>	<b>109,664,514.00</b>

**Prior year:**

in EUR	
Carrying amount as of October 1, 2007	111,458,974.60
Change in fair value	6,549,193.28
Harvest	-221,252.00
<b>Carrying amount as of September 30, 2008</b>	<b>117,786,915.88</b>

### Details of change in fair value of biological assets

The change in fair value of biological assets can be summarized as follows:

in EUR	2008/09	2007/08
Change in value of existing plantings	-4,270,653.88	6,549,193.28
New planting in current year	0.00	0.00
<b>Increase/decrease in fair value of biological assets</b>	<b>-4,270,653.88</b>	<b>6,549,193.28</b>

### Thinning/harvest

As harvests in the meaning of IAS 41, which reduce the amount of biological assets, the Company regards the thinning and the final cutting. In the fiscal year 2008/09, another thinning was carried out and the harvested timber in the amount of EUR 226,411 was sold in the past fiscal year.

### Sanitary thinning

Due to the increase of the merchantable wood limit from 11 BHD to 14 BHD, an extraordinary thinning was carried out. This thinning was merely a measure to strengthen the trees and not the regular thinning. In this thinning, significantly fewer cubic meters were harvested in order to react to the changed merchantable wood limit and not to inhibit the remaining trees' growth. Due to the bad market situation, no revenues were generated and a write-down was made on the harvested teak trees (see Note 12 of the consolidated financial statements).

### Disclosure on assumptions relating to the future and uncertainties in estimates regarding biological assets

THI Group considers the measurement of teak plantations by internal experts (based on the independent expert opinion as of September 30, 2008) well founded and conservative. Crucial for the measurement of future proceeds are the increase in volume and the prices to be fetched in the future.

- a. Increase in volume: Regarding the first and only interference – referred to as thinning after 8 years in the respective tables – it was assumed that 500 trees or approx. 100 solid cubic meters of teak wood per hectare are taken from the forest. With regard to the expected quantities from the final cuttings - after 15 years - it was assumed that 600 trees or 450 solid cubic meters of teak wood per hectare are harvested.
- b. Due to the current market situation, the proceeds estimated so far of 400 USD per m<sup>3</sup> for the wood generated in the thinnings after 8 years was adjusted to USD 190 per m<sup>3</sup> in the past fiscal year. The estimated proceeds of 800 USD per m<sup>3</sup> for the wood generated in the clearance after 15 years are based on all price notifications and quotations received and also on wood prices taken from wood offerings that were plausible and reasonable. The collected prices, some of which in the periodical reports of the ITTO (International Tropical Timber Organization), are in a price range between 400 and 2,500 USD per m<sup>3</sup>. 400 USD per m<sup>3</sup> can be fetched for a teak wood of merely between 14 and 15 cm in diameter, possibly not of straight grain, generated probably from thinnings. Due to the bad market situation and taking into account the principle of prudence, from the price range established in this way, the reference value of 400 USD for the cubic meter from thinning wood was reduced to 190 USD, however 800 USD were estimated for a cubic meter of wood from the clearance and used to determine the fair values at the balance sheet date. Both figures represent an average assortment or an assortment average, as can be generated from the standing tree from thinning wood on the one hand, and from clearance wood on the other hand.
- c. In order to further reduce any remaining risk of excessive measurement, THI Group does not account for inflation or real price increase in the calculation of the market value of the plantations.

In case the estimates are changed in the next period, the fair value of the biological assets might change significantly.



### Discount rate

The discount rate used is 12.75% (prior year: 12.75%).

### Securing the harvest

The value of tree plantations can only be maintained, if the Company can secure and provide the financial means necessary for the care of the plantations up to the point of harvest. Depending on the growth, teak plantations are self-supporting approximately as of their tenth year. The proceeds from thinnings then exceed the maintenance costs. If THI Group did not establish new plantations as of the fiscal year 2009/10, costs would have to be borne between 2009/10 and 2015/16 until all plantations would have reached the age of 10. On the other hand, the Company anticipates proceeds from thinnings in the fiscal years 2010/11 to 2015/16 that will clearly exceed the costs. In the first years of this period under review, the maintenance costs would be higher than the income from thinnings, if the harvests of the thinnings cannot be placed accordingly on the world market.

### Dealing with biological risks (fire, storm, flooding, lightning stroke)

The fire risk for young tree plantations is significant, up to now, however, no such incidences occurred. The Company reduces this biological risk as far as possible through adequate preventive measures (e.g. cutting the weeds before the dry season, creating forest aisles and permanent monitoring). Once teak trees are more than 4 to 6 meters in height, they are no longer damaged by fire.

Tropical cyclones can result in direct windfall and in huge floodings. The plantations are protected against such storms from the Caribbean Sea by the Cordilleras with an altitude of more than 3,000 meters. According to all reports so far, no storms are known to have come from the Pacific side that would have damaged plantations. Even that side of Costa Rica open to the Pacific Ocean was spared by the cyclones affecting the Caribbean according to current reports. No insurance was taken out for any events described, since the premium, compared to the amounts of loss to be expected, would be unreasonably high.

## 4. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average price method. The cost of the harvested teak trees results from the fair value less point-of-sale costs. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). The lower net realizable value results from the estimated selling price realizable in the ordinary course of business, less any selling expenses incurred.

Inventories:	9/30/2009	9/30/2008
Teak stock	36,454.48	102,686.20
Teak trees (harvest) stock	0.00	221,252.00
Larch stock	2,730.30	4,229.40
Prepayments on inventories	71,828.96	28,829.31
Finished goods	36,251.96	18,958.03
Other inventory	7,911.96	6,355.70
<b>Net carrying amount</b>	<b>155,177.66</b>	<b>382,310.64</b>

## 5. Current financial assets (restricted cash)

Current financial assets include restricted cash deposited with banks in the amount of EUR 500,000 (prior year: EUR 2,500,000). The restricted cash serves as collateral for a debt financing and matures on December 31, 2009.

## 6. Cash and cash equivalents

in EUR	9/30/2009	9/30/2008
Cash and cash equivalents	899,236.00	819,204.07
<b>Cash and cash equivalents in cash flow</b>	<b>899,236.00</b>	<b>819,204.07</b>

All cash and cash equivalents have a remaining maturity of less than 3 months.

## 7. Equity

### Share capital

The share capital of Teak Holz International AG, Linz, amounts to EUR 31,205,160 and is fully paid in. As of September 30, 2009, the number of (no-par value) ordinary shares was 6,241,032. Bearers of ordinary shares are entitled to dividends and have one vote per share at the annual general meeting.

### Capital reserve

The release of capital reserves in the amount of EUR 2,069,909.34 (prior year: EUR 2,249,796.63) equals the net loss for the year reported in the financial statements of Teak Holz International AG, Linz, which was compensated by the release of reserves.

### Minority interests

Minority interests are shares held by minority shareholders in the Group's total equity, which are explained in detail in the Notes to the financial statements under Note 8 „Accounting and measurement principles“.

### Authorized capital

At the 2<sup>nd</sup> ordinary general meeting on February 20, 2009, the management board, subject to the approval of the supervisory board, was authorized to increase the share capital of the Company, possibly in several tranches, against cash contribution or contribution in kind by up to EUR 15,602,580 through the issue of up to 3,120,516 new bearer shares against cash contribution or contribution in kind to up to EUR 46,807,740 within 5 years as of the date the amendment to the articles of association is registered in the commercial register, and to set the issue price and conditions in consultation with the supervisory board (authorized capital). In addition, the management board is authorized, subject to the approval of the supervisory board, to exclude the subscription right of existing shareholders. The supervisory board is authorized to resolve on amendments to the articles of association resulting from the issue of shares from the authorized capital.



## 8. Financial liabilities

### Non-current financial liabilities

in EUR	9/30/2009	9/30/2008
Secured loans from banks	4,843,060.43	671,493.53
Unsecured loans from banks	27,440.60	220,500.00
Shareholder loan	2,130,000.00	0.00
Loan from Austrian Research Promotion Agency	236,200.00	144,000.00
Usufruct rights	1,779,811.35	1,912,565.95
Liabilities to minority shareholders	5,785,628.83	6,765,193.29
	<b>14,802,141.21</b>	<b>9,713,752.77</b>

The collateral for the bank loans includes a cover bill in the amount of EUR 279,500, a mortgage on the premises and production facilities in Schöndorf in the amount of EUR 520,000, and a mortgage on the forest property of Gotthard Graf Pilati (member of the supervisory board) in the amount of EUR 4,000,000.

Non-current financial liabilities include liabilities to minority shareholders (66 ha in Finca de los Austriacos, S.A., Costa Rica) and holders of usufruct rights (26 ha in Finca de los Austriacos Numero Dos, S.A., Costa Rica), the majority of which will fall due after planned harvests in 7 or 9 years, respectively.

### Maturities of non-current liabilities and loans:

in EUR	Carrying amounts		Cash flows	
	9/30/2009	9/30/2008	9/30/2009	9/30/2008
Less than 1 year	91,099.32	1,497,383.10	319,133.32	1,665,983.60
Between 1 and 5 years	3,278,047.67	1,188,509.27	3,999,064.81	1,387,101.34
More than 5 years	11,432,993.26	7,027,860.41	26,174,336.51	22,083,866.32
<b>Total</b>	<b>14,802,140.25</b>	<b>9,713,752.78</b>	<b>30,492,534.64</b>	<b>25,136,951.26</b>

The fair values approximate the carrying amounts of the liabilities.

### Current financial liabilities

in EUR	9/30/2009	9/30/2008
Liabilities to banks (overdrafts)	261,440.46	4,580,254.37

Liabilities to banks in the amount of EUR 261,440.46 are not secured at the balance sheet date. The fair values approximate the carrying amounts of the liabilities. The average interest rate of the liabilities to banks ranges between 2.25 and 3.05%. The shareholder loan bears interest of the 3M EURI-BOR plus a spread of 3% p.a. for the year 2009, 4% p.a. for the year 2010, and 5% p.a. for the year 2011. At the balance sheet date, the interest rate for the shareholder loan was 4.23%. The interest rate for FFG loans is 2%.

## 9. Additional disclosures on financial instruments

in EUR	MEASUREMENT CATEGORY PURSUANT TO IAS 39	CARRYING AMOUNT 9/30/2009	AMOUNT RECOGNISED IN BALANCE SHEET PURSUANT TO IAS 39	FAIR VALUE 9/30/2009
			Amortized acquisition cost	
<b>ASSETS</b>				
Non-current financial assets				
Available-for-sale financial assets	AfS	0	0	0
Other	LaR/n.a.	197	197	197
Trade receivables	LaR	148,003	148,003	148,003
Current financial assets				
Other receivables and assets	LaR/n.a.	52,240	52,240	52,240
Cash and cash equivalents	LaR	899,236	899,236	899,236
<b>EQUITY AND LIABILITIES</b>				
Non-current financial debt and other non-current liabilities				
Usufruct rights	FLAC	1,779,811	1,779,811	1,779,811
Liabilities to minority shareholders	FLAC	5,785,629	5,785,629	5,785,629
Liabilities to shareholders	FLAC	2,130,000	2,130,000	2,130,000
Other	FLAC	5,106,701	5,106,701	5,106,701
Trade payables	FLAC	213,016	213,016	213,016
Other liabilities	FLAC	586,884	586,884	586,884
Current financial liabilities				
FLAC	FLAC	261,440	261,440	261,440
Of which accumulated according to measurement category pursuant to IAS 39:				
Loans and receivables (LaR)		1,599,676	1,599,676	1,599,676
Available-for-sale financial assets (AFS)		0	0	0
Financial liabilities measured at amortized cost (FLAC)		15,863,481	15,863,481	15,863,481



MEASUREMENT CATEGORY PURSUANT TO IAS 39	CARRYING AMOUNT 9/30/2008	AMOUNT RECOGNISED IN BALANCE SHEET PURSUANT TO IAS 39	FAIR VALUE 9/30/2008
		Amortized acquisition cost	
Afs	0	0	0
LaR/n.a.	197	197	197
LaR	208,264	208,264	208,264
LaR	2,500,000	2,500,000	2,500,000
LaR/n.a.	49,596	49,596	49,596
LaR	819,204	819,204	819,204
FLAC	1,912,566	1,912,566	1,912,566
FLAC	6,765,193	6,765,193	6,765,193
FLAC	0	0	0
FLAC	1,035,994	1,035,994	1,035,994
FLAC	357,298	357,298	357,298
FLAC	590,259	590,259	590,259
FLAC	4,580,254	4,580,254	4,580,254
	3,577,261	3,577,261	3,577,261
	0	0	0
	15,241,564	15,241,564	15,241,564



## 10. Deferred tax assets and liabilities

### Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

in EUR	ASSETS		LIABILITIES		NET	
	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
Property, plant and equipment	353.66	553.66	-4,141.37	-8,293.85	-3,787.71	-7,740.19
Biological assets	0.00	23,480.25	-7,240,388.75	-7,401,954.36	-7,240,474.11	-7,378,474.11
Inventories	0.00	0.00	0.00	-55,313.00	0.00	-55,313.00
Tax advantage due to tax loss carryforwards	2,681,196.26	2,055,453.95	0.00	0.00	2,681,196.26	2,055,453.95
<b>Gross amount deferred tax assets/liabilities</b>	<b>2,681,549.92</b>	<b>2,079,487.86</b>	<b>-7,244,530.12</b>	<b>-7,465,561.21</b>	<b>-4,563,065.56</b>	<b>-5,386,073.35</b>
Netting	-1,218.46	-47,935.77	1,218.46	47,935.77	0.00	0.00
<b>Net amount deferred tax assets/liabilities</b>	<b>2,680,331.46</b>	<b>2,031,552.09</b>	<b>-7,243,311.66</b>	<b>-7,417,625.44</b>	<b>-4,563,065.56</b>	<b>-5,386,073.35</b>

### Tax loss carryforwards

As of September 30, 2009, THI Group has loss carryforward in the amount of EUR 15,091,911.76 (prior year: EUR 11,330,495.05), which will expire in the next years as follows:

in EUR	2008/09	2008/09
2011/12	2,038,930.26	2,038,930.26
2012/13	1,146,087.26	1,146,087.26
2013/14	1,258,447.48	0.00
Unlimited	10,648,446.76	8,145,477.53
Total	15,091,911.76	11,330,495.05
Recognized as deferred tax asset	-10,712,062.00	-8,209,092.77
<b>Unrecognized tax loss carryforwards</b>	<b>4,379,849.76</b>	<b>3,121,402.28</b>

The tax loss carryforwards expire in different years. Deferred tax assets have not been recognized when it is not likely that future taxable profits will be available against which they can be utilized.

### Changes in temporary differences during the year

in EUR	BALANCE 10/1/2008	CHANGE THROUGH PROFIT OR LOSS	BALANCE 9/30/2009
Property, plant and equipment	-7,740.19	3,952.48	-3,787.71
Biological assets	-7,378,474.11	138,000.00	-7,240,474.11
Inventories	-55,313.00	55,313.00	0.00
Tax advantage due to tax loss carryforwards	2,055,453.95	625,742.31	2,681,196.26
<b>TOTAL</b>	<b>-5,386,073.35</b>	<b>823,007.79</b>	<b>-4,563,065.56</b>

**Prior year:**

in EUR	<b>BALANCE 10/1/2007</b>	<b>CHANGE THROUGH PROFIT OR LOSS</b>	<b>BALANCE 9/30/2008</b>
Property, plant and equipment	-3,410.03	-4,330.16	-7,740.19
Biological assets	-6,955,786.58	-422,687.53	-7,378,474.11
Inventories	0.00	-55,313.00	-55,313.00
Tax advantage due to tax loss carryforwards	1,061,188.39	994,265.56	2,055,453.95
<b>Total</b>	<b>-5,898,008.22</b>	<b>511,934.87</b>	<b>-5,386,073.35</b>

## 11. Employee benefits

in EUR	<b>9/30/2009</b>	<b>9/30/2008</b>
Net liability on October 1	131,187.72	55,007.04
Allocation	79,689.28	76,180.68
Reversal	-65,593.97	0.00
<b>Net liability on September 30</b>	<b>145,283.03</b>	<b>131,187.72</b>

## COMMENTS TO THE CONSOLIDATED INCOME STATEMENT

The consolidated income statement has been prepared using the total expenditure format.

## 12. Cost of materials, cost of sales, other purchased services and write-downs on timber inventories

in EUR	<b>2008/09</b>	<b>2007/08</b>
Cost of sales teak log wood	226,411.00	0.00
Cost of sales teak/larch	280,288.13	63,059.62
Purchase of materials and goods	194,635.28	69,722.77
Cost of purchased services	407,658.09	209,329.64
Write-down on harvested teak trees	3,846,589.00	0.00
Consumables	10,992.89	7,305.58
<b>Total</b>	<b>4,966,574.39</b>	<b>349,417.61</b>

## 13. Personnel expenses

in EUR	<b>2008/09</b>	<b>2007/08</b>
Wages/salaries	1,505,089.91	1,289,715.43
Expenses for termination benefits	98,869.53	91,399.12
Statutory social security contributions	320,855.85	292,594.11
Other personnel expenses	22,018.05	149,230.36
<b>Total</b>	<b>1,946,833.34</b>	<b>1,822,939.02</b>

Expenses for termination benefits include the contractual termination benefits of managing directors in the amount of EUR 79,689.28 (prior year: EUR 76,180.68).

## 14. Other operating income

in EUR	2008/09	2007/08
Income from reimbursement of expenses	103,188.02	59,826.09
FONAFIFO grants	150,845.81	0.00
Grants received	61,358.00	38,802.00
Insurance compensations	150,000.00	0.00
Other	75,645.92	31,024.48
<b>Summe</b>	<b>541,037.75</b>	<b>129,652.57</b>

## 15. Other operating expenses

in EUR	2008/09	2007/08
Legal, audit and consulting fees	504,312.23	365,629.12
Other services, charges	97,425.49	273,011.73
Advertising and marketing	68,384.21	255,988.39
General administration	286,103.71	247,395.11
Automobile expenses	273,357.94	225,215.15
Research expenditure	87,716.65	185,745.55
Transport and travel expenses, further training	123,575.88	170,900.03
Other	423,451.22	333,397.41
<b>Summe</b>	<b>1,864,327.33</b>	<b>2,057,282.49</b>

## 16. Financial result

in EUR	2008/09	2007/08
<b>Financial income</b>		
Interest income from bank deposits	153,500.07	210,433.76
Interest income/expenses minority interests and usufruct rights	1,112,319.06	-254,363.89
<b>Financial expenses</b>		
Exchange rate differences	-34,644.97	-2,190.21
Interest expenses from bank liabilities / loans	-341,317.81	-411,817.58
<b>Financial result - net</b>	<b>889,856.35</b>	<b>-457,937.92</b>

The interest expense from the accumulation (interest rate: 12.75%, prior year: 12.75%) of financial liabilities to minority shareholders and holders of usufruct rights in the amount of TEUR 1,106 in the fiscal year 2008/09 is contrasted with a depreciation of these liabilities due to a perceived decline in value regarding sales revenues in the amount of TEUR 2,218.

## 17. Taxes on income

in EUR	2008/09	2007/08
<b>Tax recognized in the income statement</b>		
Current tax of the fiscal year	-6,047.12	-5,981.48
<b>Deferred taxes</b>		
Allocation and reversal of temporary differences	197,350.87	-482,330.72
Income from recognized tax loss carryforwards	625,742.31	994,265.56
<b>Total income taxes in the income statement</b>	<b>817,046.06</b>	<b>505,953.36</b>

The tax burden of the Group differs from the theoretical tax burden based on the tax rate applicable in Austria, the corporate domicile of the parent company, as follows:

in Euro	2008/09	2007/08
<b>Taxable income</b>	<b>-10,930,371.04</b>	<b>2,173,621.00</b>
Tax at the applicable tax rate (25%)	2,732,592.76	-518,990.13
Effect of foreign tax rates	0.00	0.00
Effect of permanently non-deductible expenses	5,013.31	-4,330.16
Effect of non-taxable income	-14,534.32	0.00
Effect from tax loss carryforwards not accounted for/recognized	-314,611.87	-286,521.82
Effect from the recognition of tax loss carryforwards from prior years	0.00	226,070.16
Change in deferred tax liabilities due to tax planning	0.00	1,159,297.76
Effect from differences from biological assets not recognized as deferred tax assets	-1,892,515.11	0.00
Other	301,101.30	-69,572.45
<b>Total income taxes in the income statement</b>	<b>817,046.07</b>	<b>505,953.36</b>

In the past fiscal year, a transfer pricing model was developed under tax planning, according to which the future income from the sale of wood in Austria is subject to an income tax rate of 25%. The income tax rate in Costa Rica, by contrast, amounts to 30%.

## 18. Earnings per share

### Basic earnings per share

The calculation of basic earnings per share as of September 30, 2009 was based on the profit share attributable to the ordinary shareholders in the amount of EUR -1.62 (prior year: EUR 0.43) and the average/mixed number of ordinary shares outstanding during the fiscal year 2008/09 in the amount of 6,241,032 (prior year: 6,241,032). No conversion or option rights were in circulation. Thus, basic earnings per share equal diluted earnings per share.

## 19. Acquisitions of Costa Rican property companies

In the fiscal year 2008/09, no property companies were acquired.

## 20. Business combinations

In the fiscal year 2008/09, no business combinations were formed.

## OTHER DISCLOSURES

### 21. Number of employees

The average number of employees was:

	2008/09	2007/08
Austria	22	23
Costa Rica	99	83
<b>THI Group</b>	<b>121</b>	<b>106</b>

### 22. Contingent liabilities

As of the balance sheet date, the Company has no contingent liabilities.

### 23. Related party transactions

#### Identification of related parties:

THI Group has a close relationship with its management and supervisory board members, and with the shareholders.

#### In the fiscal year 2008/09, the following persons served on the management board:

Mag. Reinhard Pfistermüller (CFO), until January 31, 2009

Klaus Hennerbichler (COO)

Dr. Martin Pree (CEO), since February 1, 2009

#### In the fiscal year 2008/09, the following persons served on the supervisory board:

Mag.iur. Alexander Hüttner, LL.M.(NYU) (chairman of the supervisory board)

Erwin Hörmann (deputy chairman of the supervisory board)

Gotthard Graf Pilati von Thassul zu Daxberg (member of supervisory board)

Dr. Martin Pree (member of the supervisory board, chairman of the audit committee), until January 31, 2009

#### Remunerations/emoluments of the management and supervisory board

	MANAGEMENT BOARD REMUNERATIONS/SUPERVISORY BOARD EMOLUMENTS	
in EUR	2008/09	2007/08
Management board	403,189.43	373,200.00
Supervisory board	56,000.00	64,000.00
	<b>459,189.43</b>	<b>437,200.00</b>

As of the balance sheet date, no loans and advances have been granted to members of the management or supervisory board of the THI Group. Stock option plans or similar share-based payment systems do not exist.



**Transactions with related parties:**

Through the legal representation/consulting of Teak Holz International AG, Linz, by Saxinger, Chalupsky & Partner Rechtsanwälte GmbH, Linz (Mag.iur. Alexander Hüttner, LL.M.(NYU) chairman of the supervisory board), current fees in the amount of TEUR 117 (prior year: TEUR 49) were incurred.

As of the balance sheet date, liabilities exist to Klaus Hennerbichler in the amount of TEUR 159 (prior year: TEUR 159), resulting from the acquisitions of subsidiaries (Segunda Plantacion Austriaca Teca, S.A, Costa Rica, Servicios Austriacos Uno, S.A., Costa Rica, and Teak Holz Handels- und Verarbeitungs GmbH, Linz) and to Erwin Hörmann in the amount of TEUR 159 (prior year: TEUR 159), resulting from the acquisitions of subsidiaries (Segunda Plantacion Austriaca Teca, S.A, Costa Rica, Servicios Austriacos Uno, S.A., Costa Rica, and Teak Holz Handels- und Verarbeitungs GmbH, Linz).

Furthermore, financial liabilities exist to Erwin Hörmann TEUR 149, prior year: TEUR 149) and Klaus Hennerbichler (TEUR 2, prior year: TEUR 2) in connection with the current business operations of Teak Holz Handels- und Verarbeitungs GmbH, Linz.

In addition, financial liabilities exist (TEUR 2,130, prior year: TEUR 0) from a loan granted by Erwin Hörmann. The resulting interest expense amounted to TEUR 82 in the fiscal year 2008/09. With regard to terms and conditions of the loan, reference is made to Note 8.

As collateralization of a bank loan, a mortgage in the amount of TEUR 4,000 was granted on a forest property of supervisory board member Gotthard Graf Pilati.

**24. Events after the balance sheet date**

No material events occurred after September 30, 2009.

These consolidated financial statements were prepared by the Company's management and authorized for publication on January 7, 2010.

Linz, January 7, 2010

The Management Board:

signed:  
Klaus Hennerbichler

signed:  
Dr. Martin Pree





## GROUP MANAGEMENT REPORT FOR THE FISCAL YEAR 2008/09

### I. REPORT ON THE COURSE OF BUSINESS AND ECONOMIC SITUATION

#### 1. Course of business

##### 1.1. Summary of material events

###### 1<sup>st</sup> quarter from October 2008 to December 2008

- The Costa Rican subsidiary Servicios Austriacos Uno, S.A. has been awarded the FSC forest management certificate (SW-FM-003610) in accordance with the principles of the "Forest Stewardship Council".
- In Costa Rica, investments were made in forestry infrastructure and machinery, and the wood storage capacity was extended in order to meet future logistical requirements.
- With the beginning of Costa Rica's dry weather period, comprehensive care measures were implemented in all plantations. Due to the decline in prices to be expected for thinning wood of small diameters, the cutting of trees was reduced to the extent absolutely necessary for the healthy growth of the plantations.

###### 2<sup>nd</sup> quarter from January 2009 to March 2009

- Intensification of comprehensive distribution activities and start of the first international trading season with raw wood distribution to Asia, primarily India, the largest consumer market for teak wood worldwide.
- As of the beginning of February 2009, Dr. Martin Pree was appointed CEO. Together with the second member of the Management Board, Klaus Hennerbichler (COO), he has performed management functions of the THI Group since then.
- At the 2nd ordinary general meeting of THI AG, all resolutions were adopted by the shareholders by great majority or unanimously.
- Despite the economically difficult environment, the distribution company Teak Holz Handels- und Verarbeitungs GmbH reported a strong growth in sales in the first half-year.

###### 3<sup>rd</sup> quarter from April 2009 to June 2009

- The extent of the FSC certification of the Costa Rican subsidiary Servicios Austriacos Uno, S.A. was increased from previously forest management by the product chain qualification ("Chain-of-Custody") (SW-FM/COC-003610) and since then has allowed also the global trade in FSC wood.
- Since May 2009, the TEAK share experienced a significant increase in price, and in June was included in the VÖNIX Sustainability Index. In the Index, those 22 Austrian public limited companies are listed that are leading with regard to environmental and social criteria.
- Additional credit lines were secured to strengthen the liquidity.
- Teak Holz Handels- und Verarbeitungs GmbH was able to report a strong growth in sales also for the third quarter. Compared to the prior year period, net sales more than tripled.

###### 4<sup>th</sup> quarter from July 2009 to September 2009

- The external audit performed in the summer regarding the FSC certificate (SW-COC-003355) confirmed that Teak Holz Handels- und Verarbeitungs GmbH continued to meet all requirements for the trade in and processing of FSC wood.
- The first phase of the research project "Kompetenzzentrum Teak Austria" was successfully completed. An extension application for an additional period was approved by the Austrian Research Promotion Agency.
- A risk management system was established in the THI Group in the reporting period and finalized in the fourth quarter. Objectives were defined, an organizational framework was established and procedures were determined, which ensure an up-to-date risk management.

## 1.2. Market development for teak wood in the fiscal year 2008/09

In the THI Group, Teak Holz Handels- und Verarbeitungs GmbH, domiciled in Linz, Austria, is responsible for the global distribution of wood as log wood, in blocks and as sawn timber. In the reporting year 2007/08, the establishment of the distribution was started. During the reporting period of the fiscal year 2008/09, the distribution structure was established internationally and the markets were actively developed.

Thus, this fiscal year was the first international selling season of the Group and, from the very beginning, characterized by great challenges. After very positive and promising talks and negotiations with interested distribution partners and customers back in the summer of 2008, the first weeks of the fiscal year 2008/09 already showed the negative effects to be expected from the global financial and economic crisis.

The prices for domestic timber as well as tropical wood declined, in case of teak, the young thinning wood was particularly affected. Until the end of 2008, caution and restraint dominated market activities. As of the first quarter of the calendar year, demand picked up again in India – the currently most important teak consumer market. This basically positive development still continues and gives the Group confidence for the fiscal year 2009/10.

The market development in the individual target markets:

### Europe

The past year was, without doubt, the most difficult for the wood industry in many years. Despite the market environment and the waiting attitude of some traders, the Company managed to achieve its distribution goals set, to increase its sales in Austria and Germany and, for the first time, win customers in additional EU countries. In doing so, the focus was on getting to know the specific requirements and particularities of the individual markets, as well as the search and selection of appropriate distribution partners. Distribution managed to position itself on the market as a competent new teak wood supplier, and met with great interest and demand, most notably for high-quality merchandise. Outlook for Europe: By the end of the reporting period, there were signs of an economic improvement in some countries, which provides hope also for the timber industry for a recovery in the European market in the year 2010.

In the course of the year, three interesting trends emerged, which are definitely influenced by the economic development:

**Trend to premium teak wood applications in the garden:** The growing marketing successes in Austria and the EU are due particularly to the consumer trend toward beautiful and high-quality wood applications in the outdoor area, such as garden or roof terraces, pool frames, facades, privacy screens and the like. In this connection, due to its beauty and ideal product qualities, teak wood is becoming ever more popular. Demanding homeowners invest more in luxuriously designed gardens, attaching special importance to style and individuality. Market researchers speak of the trends “cocooning” and “homeing”, on which the THI subsidiary Teak Holz Handels- und Verarbeitungs GmbH (brand: TEAK-austria) can focus in its operating business. This development is expected to continue also in the coming fiscal year.

**Trend toward wood from sustainable plantation forestry:** In addition, and against the background of the global climate problem – a growing critical environmental awareness in consumer behavior with regard to rejection of primeval forest clearings can be noticed. By now, the responsible consumer knows that when he decides on a tropical wood for the garden, under no circumstances should it originate from primeval forests. Many buyers already consider it good etiquette to use only wood from sustainably managed plantations. Since TEAK-austria is demonstrably able to guarantee this to its customers, the Company is also successful in this sensitive market segment.

For more than a year (since August 2008) TEAK-austria has held an FSC certificate (SW-COC-003355) and thus is authorized to trade in and process FSC wood across the complete product chain (“chain of custody”). FSC™ trademarks are awarded to wood products that originate from ideally managed plantations. The annual external FSC audit was carried out successfully in summer 2009 and confirmed that Teak Holz Handels- und Verarbeitungs GmbH still meets all requirements.

In general, the acceptance and significance of the FSC certification develops very positively, with country-specific differences also showing in this regard. The FSC certificate is of particular importance for customers and traders in Western and Northern Europe, as well as in Switzerland, whereas in Austria and Germany the awareness is not so high yet. This could probably be due to the still low knowledge among the general population. In Southern und Eastern Europe, the economic crisis led to the situation that in some projects greater significance was attributed to the wood price than to the FSC certificate. In general, however, the trend toward sustainability is noticeable also in this area.

**Trend toward international bans on timber of illegal origin:**

The previously explained increasing individual buyer sensitivity is accompanied also by a growing awareness of society, which ultimately results in statutory provisions. According to an EU-wide WWF survey, published in April 2009, more than 90 percent of those surveyed were in favor of a uniform EU legislation that makes sure that wood and wood products in the EU are of legal origin.

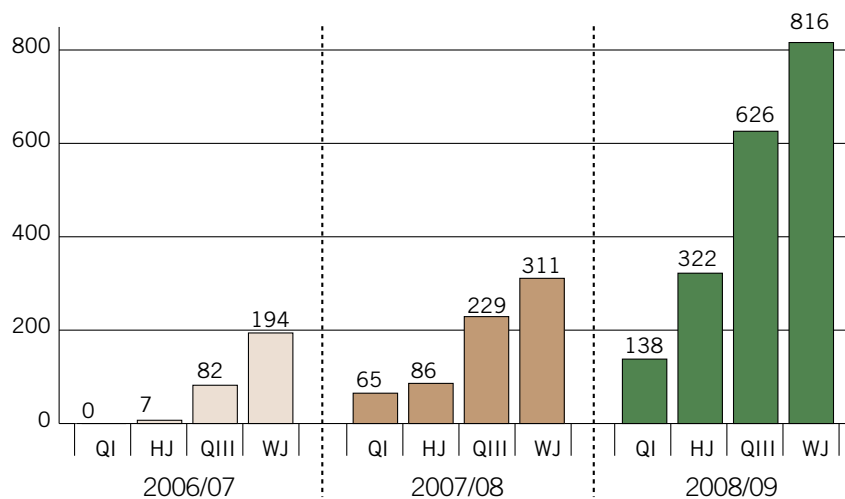
The Group welcomes initiatives opposing reckless and destructive primeval forest clearings, especially with regard to the global climate problem. This will further increase the importance and market opportunities of wood from sustainable plantations – teak wood in particular – in the future.

Trade bans for the protection of primeval forests already exist and take effect, such as, for instance, the EU import ban due to sanctions against Myanmar (formerly Burma), a major teak exporting country. In March 2008, the import ban imposed by the EU for products from the crisis-ridden Burma entered into effect. The consequences of the embargo had a swift impact. The German “Holz-Zentralblatt” magazine reported that the German wood imports from Myanmar, for instance, had declined to nil in the first quarter of the calendar year 2009, and that German importers complied with the embargo. It has to be noted, however, that Burma teak is still on the market. It can be assumed that these wood quantities either come from stocks that were built up prior to the imposition of the embargo, or are still being imported through third countries. The EU embargo was extended for another year at the end of April 2009.

Additional legal measures are being prepared or revised, for instance the EU regulation FLEGT (Forest Law Enforcement, Governance and Trade). This may constitute a first important milestone toward a ban of illegal wood, although some groups are calling for even stricter regulations. This trend clearly favors wood from strictly controlled, responsibly managed plantations as operated by THI AG.

**Teak Holz Handels- und Verarbeitungs GmbH (TEAK-austria):**

The company benefits from the previously described developments and managed to continuously raise its revenues in the past years and, most notably, in the reporting period from one quarter to another. So, by the middle of the reporting year, the company had already exceeded the entire annual revenue of the prior period. Compared to the prior year, the annual revenue nearly tripled.



Revenue development of Teak Holz Handels- und Verarbeitungs GmbH in the preceding three fiscal years, quarterly presentation, amounts in TEUR

In addition to the international trading activities, Teak Holz Handel- und Verarbeitungs GmbH, under the “TEAK-austria” brand, refines and processes the teak raw material into individually designed products and markets them so far primarily in the Austrian domestic market. The wood which is processed in the company-owned plant in Schöndorf near Freistadt (Upper Austria) comes in containers directly from Costa Rica. TEAK-austria offers plantation teak as raw material (logs or blocks of wood), as semi-finished products for further processing, and as finished products. The high quality teak wood is dried in the plant, planed and processed into semi-finished products in standard sizes (sawn timber, planed wood). These are either sold to traders or processed further in the plant according to individual customer specifications into a whole variety of products (primarily terrace deckings for outdoor use).

The products are made to order and are usually custom-made. The company strives to position its product portfolio in the high-end range, since this target group – as became apparent in the crisis – orders high quality products even then. TEAK-austria manufactures teak wood products for the highest demands and, in this regard, is able to refer to numerous reference projects for private and public clients. Due to the individual character of the special orders, the professional consulting and planning by TEAK-austria staff becomes ever more important. At the organizational level, a new comprehensive inventory management system was implemented and launched into operation in January 2009, which, for instance, makes commodity flows clearly traceable, as is required by the strict separation of FSC wood and non-FSC wood. At the technical level, measures were implemented to increase production capacities and productivity at reasonable costs. For the coming year, as a result of these capacity increases, further technical requirements have to be implemented, such as the extension of the chip removal and silos. Since the Company processes the teak wood itself, important insights are gained into wood properties, which provide valuable know-how for the entire THI Group. Together with the insights gained from previous research projects, processing procedures and products can be continuously enhanced, which ultimately serve to meet the constantly rising customer expectations.

**Outlook for Austria:** Since the good order situation could not be handled by the Company’s personnel and technical capacities alone, additional temporary staff were used. For the fiscal year 2009/10, it is assumed that the good order situation of the reporting period will continue to prevail in Austria. Another objective of the Company, in addition to the already high product quality, is to achieve a high service quality.

#### **Asia**

In Asia, there are basically two types of customer demands. On the one hand, there are countries, most notably India, that demand thinning wood, and, on the other hand, production companies in countries such as China or Vietnam, for instance, that demand teak for the manufacture of furniture and the like. With regard to the latter, due to the uncertainty caused by the economic crisis, demand plummeted and hardly picked up during the entire fiscal year. Only as of the end of the reporting year, some customers again expressed interest in plantation teak.

India is the largest consumer market for teak worldwide. Therefore, this market has always been a major buyer of thinning wood from teak plantations, and thus a major target market for the Group. With the beginning of the past fiscal year, the first implications of the unfolding economic crisis became apparent. The previous seller market, in which even trees with the smallest trunk diameter were bought, then turned into a buyer market. Certain product segments, such as very young teak wood from thinnings, were demanded only sporadically, and the prices declined. As consequence to the changed market conditions, the Group decided to instantly use other distribution channels. Already in April 2009, the first containers with teak logs from the thinnings were shipped to India.

**Outlook for India:** In their feedback, the Indian customers appreciate the professional market appearance, the reliability, Western harvest technology, and, needless to say, the quality of the teak supplied. Distribution managed to win additional new distribution partners and is in the comfortable position of being able to negotiate with several interested parties. Since the middle of the fiscal year, the market has again been recovering in India, demand as well as prices picked up again. This basically positive trend is still continuing.

### 1.3. General information on the teak wood plantations of THI AG in Costa Rica

In accordance with the strategic requirements of THI Group, it focuses on securing raw material resources. Plantation areas are managed under separate holding companies after locating, evaluation and positive decision-making and purchase. The operations of the individual plantations (the holding companies) are transacted by a separate plantation management company (Servicios Austriacos Uno, S.A.). This includes the following forestry functions: soil analysis and fertilization, soil conservation, opening/creation of infrastructure, selection of high-quality seeds and plants, planting, constant individual care/breeding of trees, pruning, mulching, several cuttings of individual trees, harvest/final cutting, preparation and planting of the next generation of trees.

The organizational structure of Teak Holz International AG provides for the transfer of up-to-date European forestry know-how and management expertise to Costa Rica and, at the same time, for the strengthening of entrepreneurship in the country. The teak wood plantations of THI are located at the Pacific coast of Costa Rica. The western part of the country is protected by the foothills of the Cordilleras particularly against any storms from the Caribbean Sea, so that in the past decades no storms occurred. The slightly hilly landscape at approx. 100 to 600 meters above sea level provides the ideal conditions for the cultivation of teak in this region. In the Puntarenas province, the annual amount of precipitation is approx. 1,300 to 2,500 mm. The majority of it occurs in the months May to November. In the rainy season, however, it does not rain every day and not all day, either. The rains usually start in the highlands in the early afternoon and reach the Pacific coast in the late afternoon. In the dry season (December to March), precipitation is less than 100 mm. The annual average temperature is 24 °C and the seasonal fluctuations in temperature as well as those between day and night at approx. 2 °C are relatively low. The high rainfalls and the previously extensive use as grassland have left a soil which is to be characterized as very suitable with regard to its mechanical properties and its depth, but low in nutrients. In order to provide soil conditions for the teak tree, under which it can be optimally supplied with nutrients and grow fast, the soils are analyzed in detail and any missing nutrients, lime or fertilizers are applied to the soils as needed.

Seedlings can be planted on fallow land at the onset of the annual rainy season in April. Seedlings, which had previously been raised from high-quality, certified seeds, can be planted at a distance of approx. three times three meters. Approx. 1,100 young plants are planted on one hectare. Past experience shows that this planting density guarantees the optimal development of plantations. In order to best promote the fast growth of the trees, the area around the plant is mechanically freed from scrub (grass). This way, it is prevented that other plants deprive the soil of nutrients and cast shadow on the young teak plants. The cut scrub remains as mulch or natural fertilizer on the soil and thus protects the plantation base.

The areas reforested with teak wood are crossed by natural forest areas and rivers. The so-called “quebradas”, which are protected areas, provide important habitats for fauna and flora. In the course of the FSC certification, the types and numbers of animals living on the plantations and in protected areas were surveyed. It turned out that several species were found that normally exist only in particularly protected natural parks. This indicates a very nature-oriented and sustainable management of the THI plantations.

All measures taken on the plantations are organized by Austrian-trained forestry experts and monitored periodically in accordance with the latest scientific findings. A staff of trained and semi-skilled Costa Rican workers is permanently employed over the entire year. Depending on project or demand, additional leased workers are employed temporarily.

At the balance sheet date September 30, 2009, the total area of the THI plantations is 1,934 hectares. To illustrate the size of this approx. 19 km<sup>2</sup>, the area of Lake Wörthersee (Carinthia, Austria), that of the Frankfurt airport or that of approx. 2,600 football fields shall be mentioned. Around 2.1 million trees grow on the plantations, which, ranked theoretically at a distance of approx. three meters from one another, the line would be approx. 6,400 km, thus short of the Earth's radius. At the balance sheet date, the age and size structure of the THI teak plantations is as follows:

<b>NAME OF FINCA</b>	<b>APPROX. AGE IN YEARS</b>	<b>AREA IN HECTARES</b>
Tres	14	18
De la Teca *	10	35
Plantacion (old tree population)	9	19
Uno *	8	405
Dos *	7	75
Plantacion (new planting)	3	520
Segunda Plantacion - Naranjal *	2	405
Segunda Plantacion - Las Vegas	2	457
<b>Total area of all plantations</b>		<b>1,934</b>

Fincas marked with an \* are FSC certified.

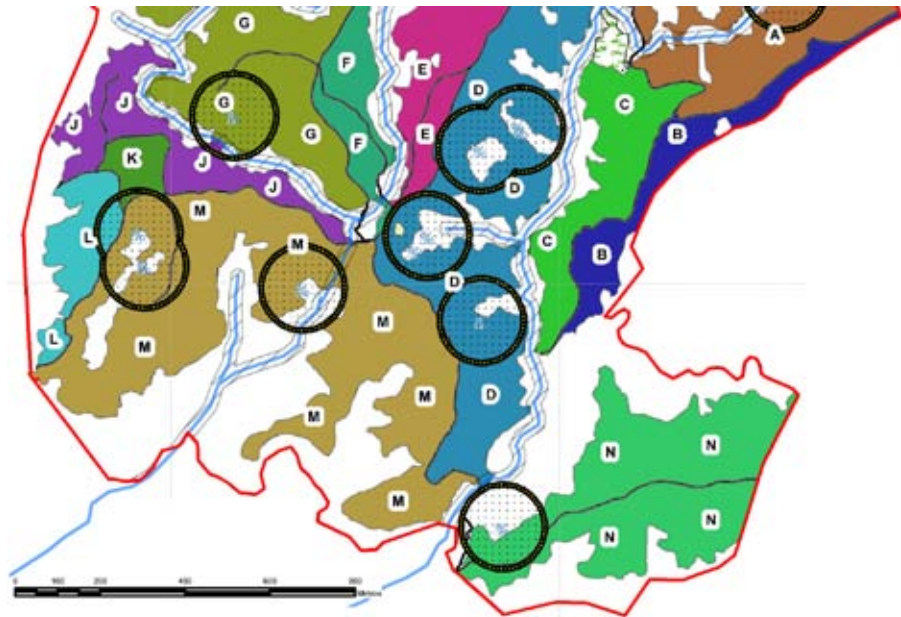
#### **1.4. Activities in the THI teak plantations in the fiscal year 2008/09**

Already in the second half of the fiscal year 2007/08, the reorganization of the Costa Rican subsidiary Servicios Austriacos Uno, S.A. was started in order to be well prepared for the internationalization of the distribution in the fiscal year 2008/09. Under the direction of the new commercial director, who had been appointed in May 2008, extensive organizational as well as technical preconditions were created already by the fiscal year 2008/09. Thus, for instance, a new office building with adjacent living quarters was constructed mainly with teak wood.

Over the entire reporting period, the regular tree care measures (prunings, terracings and circular removal of scrub around the trees, soil analysis, etc.) were carried out as scheduled in the Costa Rican teak plantations. In doing so, it was good to notice that, for instance, there was no mortality (isolated dead trees) in the meanwhile more than 2 year old plantations of Segunda Plantacion Austriaca Teca, S.A. Even though the main growth of the trees basically occurs in the humid period between May and November, a good development in all plantations could also be observed in the dry period from December to April.

In the young plantations Finca Naranjal, Finca Las Vegas and Finca Plantacion, soil samples were taken and analyzed by forest engineers. Based on the results, lime was applied to individual plantation plots, as well as soil softening and, to a minor extent, fertilization measures were implemented. The reason for the necessity of these regular soil analyses dates back many decades. The areas then compacted by many years of livestock breeding are often overacidified. Lime is a proven and effective agent to neutralize the pH value. Lime revitalizes the soils, has a fertilizing effect and is positive for the trunk formation. The removal of the scrub (also a result of the former livestock breeding) around the teak saplings enhances their growth. The supply with nutrients and water can also be improved through the so-called "terracing". Using this method – particularly in steeper areas – shallow pits are dug around the trunks and the grass is removed. It is necessary to cut the grass also in the dry period (December to April).





Digital geographic database systems support the planning of the care measures in the plantations

In addition to the care work on the trees themselves, protection and maintenance measures also have to be implemented regarding the infrastructure in the forests on a constant basis. This includes the maintenance of tracks, bridges, and the partial regulation of water courses which, due to sometimes heavy rainfalls, in some instances result in washouts. Some activities, such as for the protection of the landscape or the protection against erosion, the construction of fences and fire belts, had to be performed in connection with the FSC certification.

In October 2008, under the FSC certification process, the final assessments by the external auditor SmartWood were completed and, subsequently in November, the forest management certificate (SW-FM-003610) was granted for the four western plantations (Finca Uno, Finca Dos, Finca de la Teca and Finca Naranja) with a total area of 850 hectares. In April 2009, the scope of the FSC certification of the Costa Rican subsidiary Servicios Austriacos Uno, S.A. was extended from previously forest management by the product chain qualification ("chain of custody") (SW-FM/COC-003610). Since then, the Group has been authorized to trade, through the whole value chain, in FSC certified wood from own plantations and from external companies also in Costa Rica.

During the summer, a comprehensive first aid training program was developed for plantation workers by an Austrian summer intern. Close to practice, in small group, all approx. 100 staff on the individual plantations were advised of the typical injury risks, how to use dressing materials was taught and practically applied.

In selected plantation sampling plots, various thinning techniques were tested already in the fiscal year 2007/08. Important findings could be derived from these tests, which were included in the selection of forestry vehicles and equipment and, ultimately, investments in the fiscal year 2008/09. For the efficient wood manipulation in the plantations, the machinery was increased by several tractors and forwarders. These transport the logs from the premises to the wood collection sites in the plantations. A stanchion truck with crane and hanger is used to transport the log wood from the wood collection sites in the plantations to those storage areas where the wood is loaded into containers. For the purpose of a better logistical execution of the own as well as third-party teak wood, an optimally located wood storage area was rented. On this site, shed roofs were constructed to protect the machines and vehicles.

The “sanitary thinning” (cutting of individual trees for plantation maintenance) started in the first half of the fiscal year 2008/09, that is in the dry period, had to be adjusted as a result of the changing economic situation. Due to the already mentioned market development and decline in prices for thinning wood with small tree diameters, the so-called “merchantable wood limit” had to be increased from previously eleven to fourteen centimeters. The tree cutting was reduced to the minimum still acceptable for the healthy development of the plantation. With regard to the measurement of biological assets, reference is made to the comments in the notes to the consolidated financial statements, Note 3 “Biological assets in Costa Rica” and Note 4 “Inventories”.

### 1.5. Events in the holding company

In the past reporting year 2008/09, THI Group has worked on the sustainable implementation of the business model and intended growth strategy. In the area of forestry, numerous activities were carried out, and investments with regard to the thinnings were made. In the commercial and organizational regard, the conditions were also significantly improved, which, for instance, led to the intensification of distribution activities on the national and international level.

As of February 1, 2009, Dr. Martin Pree resigned from the supervisory board of THI AG to serve on the management board of THI AG. Since then, as chief executive officer (CEO), he has performed the control and management functions of the THI Group together with the second member of the management board, Mr. Klaus Hennerbichler (COO). Due to the change in function of Dr. Pree and due to the fact that the vacated position was not filled, the supervisory board is made up as follows: Mag.iur. Alexander Hüttner, LL.M.(NYC) (chairman of the supervisory board), Mr. Erwin Hörmann (deputy chairman of the supervisory board) and Gotthard Graf Pilati von Thassul zu Daxberg (member of the supervisory board). The initiated optimization of the corporate culture and organizational procedures in all company divisions, combined with cost savings, already shows first successes. In addition, the measures implemented in the third quarter of the reporting period, and the additional credit lines obtained to strengthen liquidity can also be considered a success.

Sustainability: The inclusion of the TEAK share in the VÖNIX Index is another external confirmation of the THI business model. As of June 22, 2009, the TEAK share was included in the exclusive circle of 22 listed Austrian companies which comply with the social and ecological criteria of the VÖNIX sustainability index that has been in existence for more than four years (ISIN: AT0000496906). More than 60 listed companies were analyzed with regard to environment and social criteria, merely around one third was listed in the new index composition for the period June 2009 to June 2010. The Index membership list is updated annually.

Trend of TEAK share price: In summer 2008, the share price rose constantly until the beginning of the economic crisis. While at the beginning of the fiscal year 2008/09 in October 2008 the share was listed at EUR 4.89, it subsequently declined and closed at its lowest level so far of EUR 2.13 at the year-end. After the trading started, the share price quickly rose up to the 3 EUR mark. On May 6, 2009, the share price soared to EUR 3.77 and subsequently even reached a value of EUR 4. The share price consolidated over several months in a band between 3.5 and 3.7. At the balance sheet date, the TEAK share listed at: EUR 3.64. In addition to this share price recovery, a considerable increase in daily sales volumes could also be noted in the calendar year 2009. In the ranking of the securities traded on the Vienna Stock Exchange, the TEAK share ranks in the middle, as regards total volumes, which is quite remarkable for a small cap company.

As already presented in the interim financial statements in the semi-annual financial report as of March 31, 2009, significant write-downs had to be made in the fiscal year 2008/09, which resulted from the lower net selling prices for young thinning wood. In this regard, reference is made to the detailed comments in the notes to the consolidated financial statements, Note 3 “Biological assets” and Note 4 “Inventories”.

In the reporting period, consolidated and individual financial statements of THI AG were prepared for the fiscal year October 1, 2007 to September 30, 2008, and the annual financial report was published as scheduled on January 29, 2009. The course of the fiscal year 2008/09 was documented under the regular reporting in the quarterly report QI (period October 1 to December 31, 2008), in the semi-annual financial report (period October 1, 2008 to March 31, 2009) and in the quarterly report QIII (period October 1, 2008 to June 30, 2009), and made available as scheduled according to the financial calendar to the shareholders and the public. On February 20, 2009, the 2nd ordinary general meeting of THI AG took place in Linz. All resolutions of the seven items on the agenda were adopted by the shareholders by great majority or unanimously. All detailed voting results were published on the very day of the general meeting.

## 2. Financial and non-financial performance indicators

### 2.1. Financial performance indicators

Key figures in TEUR	2008/09	2007/08	+/- %
<b>Teak Holz International AG, consolidated financial statements</b>			
Fully consolidated companies	8	8	0
Domestic	1	1	0
Foreign	7	7	0
Revenue	816	311	162
Change in value of biological assets	-4,271	6,549	-165
Consolidated loss/profit for the year	-10,113	2,680	-477
Personnel expenses	1,947	1,823	7
Property, plant and equipment	11,518	11,365	1
Biological assets	109,665	117,787	-7
Balance sheet total	125,723	135,218	-7
Equity	102,019	112,132	-9
Cash and cash equivalents	899	819	10
<b>Profitability ratios:</b>			
Operating result (EBIT)	-11,820	2,632	-549
Return on equity*	-11.59%	2.35%	
<b>Financial ratios:</b>			
Net debt *	14,310	13,606	5
Equity ratio *	81.15%	82.93%	
Net gearing *	14.03%	12.13%	
<b>Cash flow ratios:</b>			
Net cash flow from operating activities	-3,512	-3,839	-9
Net cash flow from investing activities	1,672	-405	-512
Net cash flow from financing activities	1,919	-958	-300

\* The calculation is made pursuant to „KFS/BW 3 Empfehlung zur Ausgestaltung finanzieller Leistungsindikatoren im Lagebericht bzw. Konzernlagebericht“ (Recommendation on the disclosure of financial performance indicators in the management report or group management report).

## 2.2. Non-financial performance indicators

The forestry know-how can be stated explicitly as a non-financial performance indicator. Through the establishment of a research and development unit in the Group, it can be ensured that the technical advancements in forestry as well as in tree nursing can be pursued on an ongoing basis and communicated to the relevant employees. Training and qualification measures are also an integral part of the Company's personnel development.

	2008/09	2007/08
<b>Value drivers of the Group</b>		
Ordinary shares	6,241,032	6,241,032
Plantation area	1,934 ha	1,934 ha
Development of personnel (on average)		
Austria	22	23
Costa Rica	99	83
<b>Total</b>	<b>121</b>	<b>106</b>

## 3. Material events after the balance sheet date

In October 2009, an external audit was performed in the Costa Rican plantations with regard to the FSC certification. The positive audit result confirmed that the THI subsidiary Servicios Austriacos Uno, S.A. continued to meet all requirements to use the forestry and product chain ("Chain-of-Custody") certificate (SW-FM/COC-003610). Apart from that, no material events occurred after the end of the fiscal year.

# II. REPORT ON THE EXPECTED DEVELOPMENT AND RISKS OF THE COMPANY

## 1. Expected development of the Company

The global development on the financial and real market will continue to impact the business activities of the THI AG in the fiscal year 2009/10, in a negative as well as in a positive sense. Apart from the still gloomy media reports on the capital market, an increasing number of positive signals emerge on the issue of sustainability on the financial market. Even if the word "sustainability" is currently used in all possible and, at times, impossible contexts, the term is originally derived from forestry, the media presence increases its popularity and also raises awareness. "Green" business models seem to become ever more popular and attractive. The inclusion of the TEAK share in the Austrian VÖNIX Sustainability Index was also a positive sign. The long-term investment into the renewable teak raw material is to be "sustainably" assessed as positive.

### General long-term trends in the international wood industry

According to futurologists, the previous importance of the fossil fuels oil and gas will have to diminish due to the CO<sub>2</sub> problem in favor of renewable forms of energy. At the same time, forecasts predict a significant rise in demand for raw wood and wood products up to the year 2030. This goes for domestic wood species as well as for valuable woods, such as teak. The excellent properties of the versatile teak wood are appreciated particularly in Asia. Due to the rising economic power of China and India, wood experts predict that demand will rise even further. Teak wood is also gaining in popularity in America and Europe. Since wood from primeval forests will no longer be available in the medium to long term – hopefully because it is protected and not because of deforestation – the capacities of wood from sustainable plantation management will have to be increased enormously worldwide.

### **UNO recommends investing in forests and nature**

Due to the continued, intensified global discussion about the effects of climate change, the voices that favor the raw material wood as a promising investment become more numerous. UNEP, the environmental program of the United Nations ([www.unep.org](http://www.unep.org)), repeatedly calls on the global community of states to invest more money in forests and soils. With the method of afforestation that has always been working, CO<sub>2</sub> could simply be stored and global warming combated in a particularly effective way. Costa Rica leads the way also in this regard. The ecologically thinking and proactively acting country intends to be the first CO<sub>2</sub>-neutral state in the world by the year 2020. With its investment in responsible forestry, the Group will actively contribute to achieving these objectives. Already today, on each individual plantation hectare, around 30 tons of carbon dioxide are tied each year. The expansion planned by the Group of the plantation area is intended to further increase the volume by 2014. Based on these trends, the Group is convinced to have chosen the right business model and sees its position confirmed in the long term.

### **Outlook**

It begins to show that the positive revenue development of the subsidiary Teak Holz Handels- und Verarbeitings GmbH will continue also in the fiscal year 2009/10. Successes are again forecast in the sale of refined timber and custom-made products, as well as in the raw wood trade. The intensification of the trade in purchased teak wood provides the company with additional marketing opportunities on the international level, most notably on the Asian markets. That is why the Group is able to establish its required international distribution development and, in the meantime, gain liquid funds until adequate revenues can be generated from the own forestry activity.

Apart from risks, the current market situation also provides the Group with opportunities. In the past years, a listed company and part of a group developed from a business idea. The very good basis is being expanded further, and the corporate structure optimized. As has been the case so far, securing the long-term liquidity constitutes a major task for the management in the current fiscal year as well. Prudently, the Company continues to have talks regarding the expansion of credit lines, in order to be able to take measures in good time, if required. For it has to be borne in mind that the Company is still in the developing stage, where corresponding preproduction costs are incurred that, in the first years, are contrasted with only minor revenues from the own forestry activity. As had already been planned at the initial public offering, liquidity shall be secured by debt capital up to the time when the first significant revenues are generated.

The additional credit lines obtained in the reporting period also promote the growth strategy. The Group works on measures to implement an additional expansion step, as the current global economic situation and the US dollar price provide very good conditions for the acquisition of third-party plantations. The Group continues to pursue its growth strategy, and intends to more than double the total plantation area to 4,500 hectares by the year 2014.

## **2. Risk report**

In the reporting period, a risk management system was established in the THI Group. Objectives were defined, an organizational framework was established and procedures were determined, which ensure an up-to-date risk management. According to the objectives, the risk management is designed that the system helps to secure the Company's going concern for the long term. Negative deviations and changes of the risk situation are immediately identified by the system and preventive measures are taken, in order to proactively prevent any damages from occurring or to reduce their extent. With regard to the risk report, reference is made to the detailed comments in the notes to the consolidated financial statements, Note 19 "Risk management".

### III. REPORT ON RESEARCH AND DEVELOPMENT

The research and development activities of THI are performed by the subsidiary Teak Holz Handels- und Verarbeitungs GmbH. The operating expenses for research and development amounted to TEUR 88 in the reporting period, as compared to TEUR 186 in the prior year.

The first phase of the research project “Kompetenzzentrum Teak Austria” was successfully completed. Illustrative contents of the partial projects included: weathering and durability tests, chipping properties of teak (*Tectona Grandis* Lf.) using the example of planing, changes in the chemical properties of wood through drying, dimension stability tests, etc. In these projects, the company cooperates with several departments of the University of Natural Resources and Applied Life Sciences (BOKU) in Vienna, WoodKplus (Institute for Wood Research) as well as the Austrian Research Promotion Agency (Forschungsförderungsgesellschaft Österreich or FFG).

An extension application for an additional period was approved by the Austrian Research Promotion Agency FFG. The latter can be deemed a major success, since the allocation criteria for public grants have been significantly tightened due to the general economic situation and budget constraints on part of public authorities.

### IV. OTHER DISCLOSURES

The share capital of the Company is made up of no-par bearer shares. According to the principle of “one share – one vote” all shares issued grant the same rights and obligations. No restrictions exist with regard to the voting rights or the transfer of shares and the management board is not aware of any agreements between shareholders restricting the voting rights or the transfer of shares. The management board is aware of two shareholdings of at least five percent as of the balance sheet date. Changes in voting rights to be reported were not reported by the shareholders, thus the shareholder structure is as follows as of September 30, 2009:

<b>Shareholder</b>	<b>SHARE</b>
Hörmann Privatstiftung (Private Trust)	33.9%
Free float	30.4%
Mr. Klaus Hennerbichler	25.5%
Mr. Thomas Wolfesberger	4.8%
Mr. Johannes Hofer	4.2%
Mr. Reinhard Pfistermüller	1.2%
<b>Total</b>	<b>100%</b>

No shareholder has any special control rights. Hörmann Privatstiftung, Klaus Hennerbichler, Dr. Thomas Wolfesberger, Mag. Johannes Hofer and Mag. Reinhard Pfistermüller have undertaken to sell shares in the Company only after obtaining the consent of the contract partners. The regulations regarding the appointment and recall of members of the management board are derived exclusively from the relevant provisions of the Austrian Stock Corporation Act 1965 (AktG) as amended.

The share capital of THI AG in the amount of EUR 31,205,160 is made up of 6,241,032 bearer shares. The Company has not entered into any material contracts that take effect, change or end at a change in control over the Company as a result of a takeover bid.

Authorized capital: At the 2nd ordinary general meeting on February 20, 2009, the management board, subject to the approval of the supervisory board, was authorized to increase the share capital of the Company, possibly in several tranches, against cash contribution or contribution in kind by up to EUR 15,602,580 through the issue of up to 3,120,516 new bearer shares against cash contribution or contribution in kind to up to EUR 46,807,740 within 5 years as of the date the amendment to the articles of association is registered in the commercial register, and to set the issue price and conditions in consultation with the supervisory board (authorized capital). In addition, the management board is authorized, subject to the approval of the supervisory board, to exclude the subscription right of existing shareholders. The supervisory board is authorized to resolve on amendments to the articles of association resulting from the issue of shares from the authorized capital.

Linz, January 7, 2010

The Management Board:

signed:  
Klaus Hennerbichler

signed:  
Dr. Martin Pree

**Financial calendar for the fiscal year 2009/10:**

- 1/28/2010 (Thur): Publication annual financial report for the fiscal year 10/1/2008 to 9/30/2009
- 2/10/2010 (Wed): Publication of Q1 quarterly report to the period 10/1/2009 to 12/31/2009
- 2/18/2010 (Thur): 3<sup>rd</sup> ordinary general meeting, 11:00 hours, Linz, Old City Hall, Hauptplatz 1
- 5/27/2010 (Thur): Publication semi-annual financial report for the period from 10/1/2009 to 3/31/2010
- 8/5/2010 (Thur): Publication of Q3 quarterly report for the period 10/1/2009 to 6/30/2010







We draw attention to the fact that the following auditor's report issued in German on the consolidated financial statements of Teak Holz International AG, Linz, for the fiscal year from October 1, 2008 to September 30, 2009 has been translated into English for the convenience of the reader and that the German wording is the only legally binding version.

## AUDITOR'S REPORT

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Teak Holz International AG, Linz, for the fiscal year from October 1, 2008 to September 30, 2009. These consolidated financial statements comprise the balance sheet as of September 30, 2009, the consolidated income statement, cash flow statement and statement of changes in equity for the year ended September 30, 2009, and the notes.

#### Management's Responsibility for the Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of September 30, 2009 and of its financial performance and its cash flows for the fiscal year from October 1, 2008 to September 30, 2009 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Without qualifying our audit opinion, we refer to the comments on the liquidity risk in the consolidated financial statements (Appendix 1, Note 19 b), where it is stated that a negative operating cash flow is expected for the fiscal year 2009/10, the management, however, assumes that the liquidity is ensured through existing credit lines.

We draw attention to the fact that the Group is exposed to special risks which, by their nature, are typical of a development stage company. The Group is dependent on the future economic development of its Costa Rican plantation companies and the activities of the sales companies. Contrary to expectations, the teak trees planted and managed by the Costa Rican subsidiaries are not yet marketable. First minor harvests were made in the past, according to the Company's plans, however, larger harvests and wood sales of Costa Rican teak and related sales revenues are expected only as of the fiscal year 2010/11. Until then, the Company plans to reduce the negative cash flow in particular through sales in the third party wood trade in Costa Rican teak wood, with a significant delay or failure in the afforestation or marketing of the own wood or a non-realization of the sales plans in the third party wood trade being possible.

These circumstances indicate the existence of a material uncertainty that might cast significant doubt on the Group's ability to continue as a going concern.

### **Comments on the Management Report for the Group**

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements.

In our opinion, the management report for the Group is consistent with the consolidated financial statements.

Vienna, January 7, 2010

PwC Wirtschaftsprüfung GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed:  
Mag. Dr. Aslan Milla  
Austrian Certified Public Accountant

Disclosure, publication and duplication of the financial statements together with the auditor's report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without prior written permission from us.

## REPORT OF THE SUPERVISORY BOARD

At its meetings during the 2008/2009 financial year, the Supervisory Board fulfilled the duties assigned to it by law and articles. The Managing Board provided regular reports concerning the course of business and the status of the company and its group subsidiaries.

Both the annual financial statements, the management report, as well as the consolidated financial statements and the group management report for the financial year from October 1, 2008 to September 30, 2009 were audited by the PwC Wirtschaftsprüfung GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Erdbergstrasse 200, A-1030 Vienna.

Following its conclusion, the audit led to no objections. The auditors confirmed that in accordance with the Austrian principles of orderly accounting, the annual financial statements conform with the legal statutes and provide as true and fair a view as possible of the company's asset and financial position as at September 30, 2009 and company earnings for the financial year from October 1, 2008 to Sep-

tember 30, 2009. Moreover, that the management report was consistent with the annual financial statements. In addition, the auditors confirmed that in accordance with the International Financial Reporting Standards (IFRS) as employed in the EU, the consolidated financial statements also conformed with the legal statutes and provided as true and fair view as possible of the group's asset and financial position as at September 30, 2009, as well as group earnings and cash flow for the financial year from October 1, 2008 to September 30, 2009. Moreover, that the group management report was consistent with the annual consolidated financial statements.

In a supplement to their opinion, the auditors noted that the company, respectively the group, are subject to risks, which are typical of an undertaking in the development phase. Especially the auditor focussed on the liquidity risk that was caused by a negative operating cash flow, however, the liquidity is ensured through existing credit lines. The Supervisory Board has held exhaustive discussions with the Managing Board concerning the existing risks, which are presented in the management report and the group management report. The risk management system has been implemented in a way that the systematic approach helps to ensure the ability of the Company to continue as a going concern in the long term. Negative differences and changes in the risk position are identified immediately by the system and preventive measures are taken in order to proactively avoid any damage arising or minimize the extent. The Managing Board regularly reported to the Supervisory Board especially during implementing the risk management system, since mid-year of the financial year 2008/2009, with regard to changes in the risk situation, particularly the liquidity.

In their report relating to the consolidated financial statements, the auditors established that according to the Company's plans, larger harvests and wood sales of Costa Rican teak and related sales revenues are expected only as of the fiscal year 2010/11. Until then, the Company plans to reduce the negative cash flow in particular through sales in the third party wood trade in Costa Rican teak wood, with a significant delay or failure in the afforestation or marketing of the own wood or a non-realization of the sales plans in the third party wood trade being possible.



Mag. iur. Alexander Hüttner, LL.M. (NYU)  
Chairman of the Supervisory Board

In their opinion relating to the financial statements, the auditors established that the net loss for the fiscal year 2008/09 of TEUR 2,070 could mostly be traced to personnel, administrative and consultation costs, which were not counterbalanced by appropriate sales revenues. The consolidated financial statements as of September 30, 2009 show a consolidated loss for the year amounting to TEUR 10,113. This result was caused by significant write-downs on timber inventories and adjustments relating to the fair value of the biological assets. The Supervisory Board held in-depth discussions with the Managing Board concerning the expenditure and earnings situation.

The Managing Board explained that due to the holding function of the company, this has no separate income, but that such is expected in future from the operative activities of the group companies. The Managing Board also stated that due to the long-term nature of investments in teak, sales revenues in the coming years will derive initially from thinning and subsequently from the final harvesting of the plantations. The management plans to increase sales of teak products (e.g. terraces) and timber wood trade significantly in fiscal year 2009/10 to improve the cash flow.

The Management therefore assumes that the financing is secured for the coming fiscal year. A significant delay or a failure in the afforestation or marketing of the Costa Rican teak woods can threaten the going concern of the Company in the medium term. The Supervisory Board accepted the plans and statements presented by the Managing Board.

The annual financial statements, management report, annual consolidated financial statements and group management report were discussed at a meeting of the audit committee on January 12, 2010. In its report to the Supervisory Board, the audit committee endorsed the result of the audit and following its examination of the management report, the group management report, the annual financial statements and the annual consolidated financial statements, and scrutiny of the management, came to the final conclusion that no reason for objection existed.

The Supervisory Board accepted the report of the audit committee and thus the result of the audit. Moreover, the final result of the examination of the management report, the group management report, the annual financial statements and the annual consolidated financial statements by the Supervisory Board also gave no cause for objection.

Thus the Supervisory Board accepted the annual financial statements, which in accordance with § 96 paragraph 4 of the AktG (Austrian Stock Corporations Act), are therefore taken as approved. The Supervisory Board also consented to the annual consolidated financial statements and the group management report.

The Supervisory Board proposes that PwC Wirtschaftsprüfung GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Erdbergstrasse 200, A-1030 Vienna, be appointed as the auditors for the 2009/2010 financial year.

Linz, January 12, 2010

The Chairman of the Supervisory Board

signed:

Mag.iur. Alexander Hüttner, LL.M. (NYU)

## STATEMENT OF ALL LEGAL REPRESENTATIVES PURSUANT TO § 82 (4) (3) OF THE BÖRSEG (AUSTRIAN STOCK EXCHANGE ACT)

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

Linz, January 7, 2010

The Management Board

signed:  
Klaus Hennerbichler

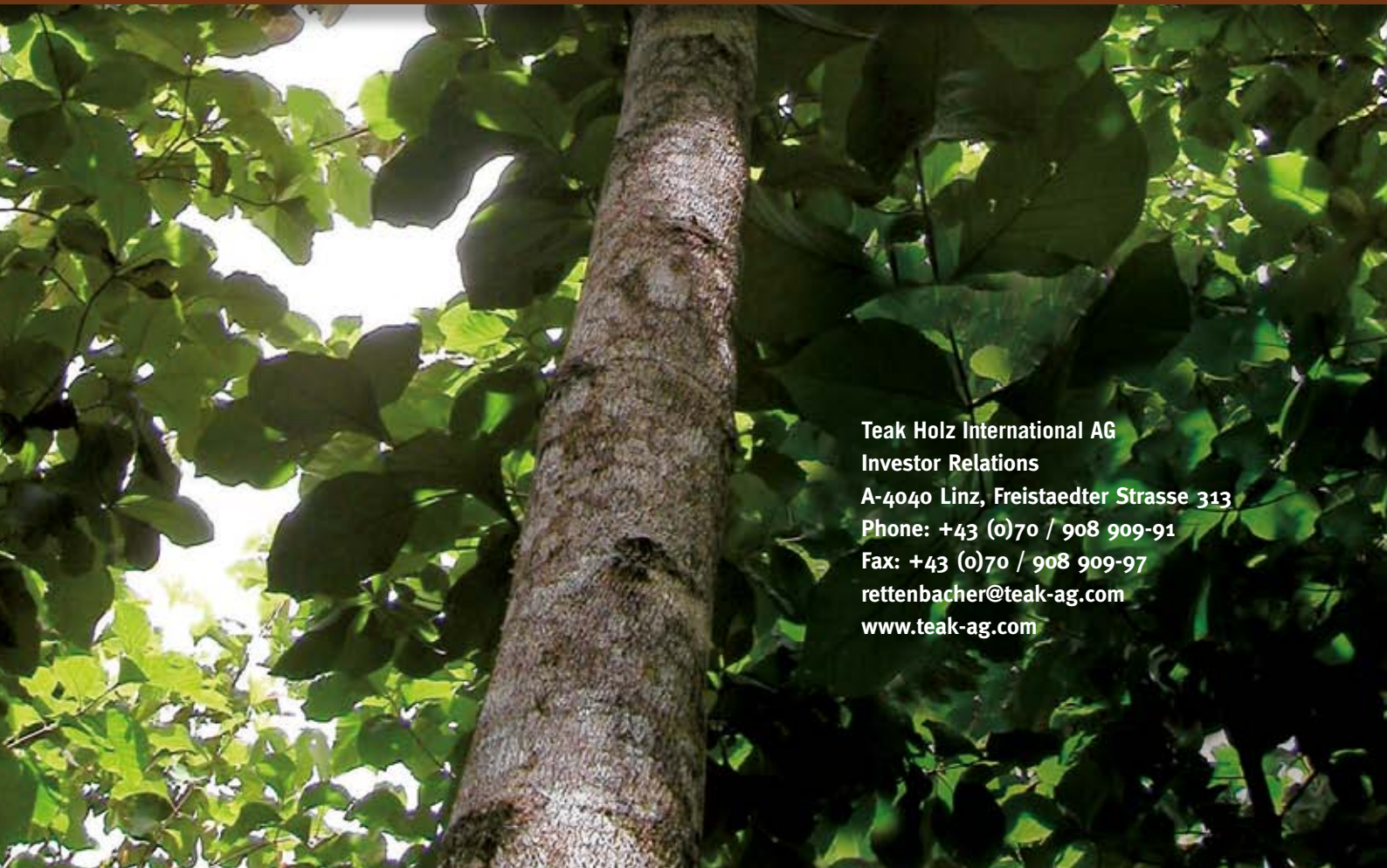
signed:  
Dr. Martin Pree



STATEMENT  
OF ALL LEGAL  
REPRESENTATIVES



**THIAG**  
TEAK HOLZ INTERNATIONAL



Teak Holz International AG  
Investor Relations  
A-4040 Linz, Freistaedter Strasse 313  
Phone: +43 (0)70 / 908 909-91  
Fax: +43 (0)70 / 908 909-97  
rettenbacher@teak-ag.com  
www.teak-ag.com