



**CORPORATE
GOVERNANCE
REPORT**
AS OF SEPTEMBER 30, 2013, OF
**TEAK HOLZ
INTERNATIONAL AG,
VIENNA**

WWW.TEAK-AG.COM

CORPORATE GOVERNANCE REPORT

Teak Holz International AG (THI AG, the Company), domiciled in Vienna, Austria, and its subsidiaries (THI Group), are a company specialized in the sustainable management of teak plantations, which is listed on the Vienna Stock Exchange.

On March 28, 2007, Teak Holz International AG made an initial public offering at the Vienna Stock Exchange. The shares have been traded on the Vienna Stock Exchange in the standard market continuous segment since March 29, 2007, ISIN: AToTEAKHOLZ8, WKN: AoMMG7, ticker symbol: TEAK. The TEAK share is also traded in Germany. Since June 2009, the “green” TEAK share has met the strict ecological and social criteria of the VÖNIX Sustainability Index; the membership was confirmed until 2014.

The responsibly managed teak forests on the Costa Rican Pacific Coast currently cover an area of approx. 1,934 hectares, on which individually cultivated teak trees grow. It is intended to gradually increase the total plantation area. Since November 2008, four plantations covering a total area of 850 hectares have been certified according to internationally accepted ecological and social criteria.

Investment in the THI business model is a sustainable and growing investment characterized by a long-term focus. Further information and business reports can be downloaded from the website: www.teak-ag.com.

I. COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE PURSUANT TO SECTION 243B UGB

With the initial listing of the TEAK share, THI AG has undertaken to voluntarily comply with the Austrian Corporate Governance Code. In accordance with Section 243b of the Austrian Commercial Code (UGB), THI AG is committed to the Austrian Corporate Governance Code as amended, this currently being the Austrian Governance Code of July 2012. THI AG's commitment to comply with this Code, deviations from individual rules and the annual Corporate Governance Report are publicly available on the Company's website, www.teak-ag.com, under Investor Relations.

The Austrian Corporate Governance Code sets out standards of good governance for those companies that comply with it on the basis of voluntary self-commitment. Corporate Governance stands for responsible corporate management and control geared to long-term value creation. Efficient cooperation between management board and supervisory board, respect for shareholders' interests, openness and transparency of corporate communications are key aspects of good corporate governance. It is intended to strengthen the trust of all stakeholders, in particular international investors, in the Company and its management and in Austria as a financial center. The complete wording of the Code is available under www.corporate-governance.at.

Corporate Governance rules and deviations

The rules of the Corporate Governance Code may be subdivided into three categories: L-Rules (“legal requirement”) describe mandatory regulations that apply to Austrian listed public limited companies in general, and irrespective of a commitment to a Corporate Governance Code. C-Rules (“comply or explain”) are to be complied with, any non-compliance or deviations have to be justified. R-Rules (“recommendation”) are recommendations, non-compliance neither has to be disclosed nor explained.

THI AG draws attention to the following exceptions and deviations:

Rule C-16: The management board of THI AG currently consists of only one member with sole power of representation. THI AG's articles of association provide for such possibility.

Rule C-18: Due to the small size and clear organizational structure of the Company, a separate staff unit "Internal Audit" will not be set up for the time being. If a certain company size is reached, the appropriateness of an establishment will be reviewed.

Rules C-30 and C-31: Due to the small size of the Company and because the Company's business is managed exclusively by one member of the management board with sole power of representation, the Corporate Governance Report does not state any further disclosures with regard to the fixed and variable portions of the remuneration granted to the management board.

Rules C-39, C-41 and C-43: Apart from the audit committee, no further committees are in place due to the specific circumstances of the Company (for example its small size). Neither a separate nomination committee nor a separate compensation committee has been established. Instead, all related functions are performed by the supervisory board. If a certain company size is reached, the appropriateness of the establishment of further committees will be reviewed.

Rule C-49: In the fiscal year 2012/2013, THI AG was advised and represented in legal matters by Saxinger, Chalupsky & Partner Rechtsanwälte GmbH, Linz; by Alexander Hüttner, LL.M. (NYU), member of the supervisory board; and also by Dr. Monika Wildner, LL.M. (NYU), member of the supervisory board. Financing contracts are in place with Gotthard Graf Pilati von Thassul zu Daxberg, and a loan agreement existed with Hörmann-Privatstiftung during the reporting period. Details on the subject matter of the respective contracts and the related expenses are disclosed in the notes to the consolidated financial statements in section "Related party transactions".

Rule C-51: Remuneration of the members of the supervisory board is disclosed as an aggregate amount. An individualized presentation, as stipulated in Rule C-51, is not published to protect the privacy of the individual members of the supervisory board.

Rule C-54: Mr. Erwin Hörmann (member of the supervisory board) could not be considered independent since he has business relations to Hörmann-Privatstiftung, which at the balance sheet date (September 30, 2013) had a voting interest in THI AG of more than 10%.

Rule L-65: The annual financial report will be published at the latest four months after the end of the reporting period; the interim reports at the latest six weeks after the end of the reporting period. The Company could not fulfill this legal requirement for the first time. The management board announced on December 23, 2013 that the publication of the annual financial report as of 9/30/2013 (fiscal year 2012/2013), publication planned for January 30, 2014, as well as the publication of the interim report for the first quarter (from 10/1/2013 to 12/31/2013 of the fiscal year 2013/2014), publication planned for February 10, 2014, had to be postponed. The postponement was related to the preparation of forestry stock-taking in Costa Rica which was subject to weather-induced delays.

Rule C-81a: In addition to those situations set out by law, the chairman of the audit committee did not convene any further meetings. This was owed to the changes in the supervisory board during the fiscal year 2012/2013.

II. BOARDS OF THE COMPANY AND RULES OF PROCEDURE OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD PURSUANT TO SECTION 243B (2) UGB

Organization and rules of procedure of the management board

According to the articles of association of THI AG, the management board of THI AG consists of one, two, three or four members. The management board is nominated by the supervisory board. The management board manages the Company in accordance with the law, the articles of association and the rules of procedure to be adopted by the supervisory board. The rules of procedure set out the responsibilities of the management board which include: corporate strategy and development, plantation management, accounting and controlling, treasury, risk management, technology, quality management, purchasing, trading, communications and investor relations, organization and HR, IT and any other areas governed by the rules of procedure.

The management board informs the supervisory board regularly, or in the case of important events without delay (special report), and comprehensively of all material events and developments and the implementation of the corporate strategy within the Group, most notably of the risk situation. The management board provides the supervisory board with the basis for those decisions that require the supervisory board's approval (transactions requiring approval) and turns to it for any advice and recommendations in open discussions. The management board reports to the supervisory board at least once a year on any anti-corruption measures taken in the Company.

In the fiscal year from October 1, 2012 to September 30, 2013, the following persons stated in the table served as members of the management board of Teak Holz International AG:

| NAME | YEAR OF BIRTH | FROM | TO |
|---|---------------|------------|------------|
| DI Dr. Franz Fraundorfer Member of the management board | 1962 | 9/21/2013 | * |
| Klaus Hennerbichler Member of the management board | 1969 | 9/21/2013 | * |
| Interim CEO | | 7/17/2013 | 9/21/2013 |
| Interim CEO | | 12/12/2012 | 12/31/2012 |
| DI Stephan Dertnig, MBA CEO | 1961 | 1/1/2013 | 7/17/2013 |
| Mag. Siegfried Mader CEO | 1973 | 10/28/2011 | 12/12/2012 |

* The missing dates in the column "TO" relate to members of the management board as of the balance sheet date September 30, 2013.

In the fiscal year, the management board members of THI AG did not hold any supervisory board mandates in other domestic or foreign listed companies. The Group has D&O (directors and officers) insurance. The premium is borne by THI AG.

Remuneration of the management board

In the determination of the total remuneration with regard to the members of the management board, the supervisory board ensures proportionality between the tasks assumed of and performance delivered by the individual member of the management board, between the situation of the Company and the ordinary remuneration and undertakes that long-term incentives with regard to a sustained corporate development are taken into account.

Total remuneration of the members of the management board in the fiscal year 2012/2013 amounted to EUR 244,474, in the prior year EUR 244,147. Individualized remuneration of the individual members of the management board is as follows: Mr. Siegfried Mader (CEO – until 12/12/2012) EUR 133,614; Mr. Stephan Dertnig, MBA (CEO – from 1/1/2013 to 7/17/2013) EUR 96,910; Mr. Klaus Hennerbichler (CEO – from 12/12/2012 to 12/31/2012 and from 7/17/2013 to 12/20/2013) EUR 13,950. At the balance sheet date, payables to Mr. Klaus Hennerbichler exist in the amount of EUR 70,962, which result from contractual rights to severance pay. As of the balance sheet date, no loans and advances were granted to the members of the management board of the THI Group.

Changes in the management board

On December 20, 2013, Mr. Klaus Hennerbichler informed the Company that he would be terminating his interim membership of the management board as of December 20, 2013. Mr. Hennerbichler acted as the Company's interim CEO with sole power of representation from July 17, 2013 to September 21, 2013. As of September 21, 2013, with Dr. Franz Fraundorfer being appointed member of the management board, Mr. Hennerbichler and Dr. Fraundorfer jointly performed the management responsibilities on an interim basis. As of December 20, 2013, Dr. Fraundorfer now represents THI AG as CEO with sole power of representation.

The management board of Teak Holz International AG consists of the following member as of December 20, 2013:

| NAME | YEAR OF BIRTH | FROM | TO |
|--|---------------|-----------|------------|
| DI Dr. Franz Fraundorfer CEO with sole power of representation | 1962 | 9/21/2013 | 9/30/2014* |

* End of the current term as stipulated in the employment contract for members of the management board.

Stock options

Stock options are agreed upon in the contract of the respective member of the management board as part of remuneration. The fair value of the options is determined using the Black-Scholes option pricing model. The key parameters for the valuation model are the share price at grant date, the exercise price, the period of the option and the risk free rate for that period at the time of grant. At Teak Holz International AG, the amount of the annual grant of the options is transferred to the capital reserve and at the same time recognized through profit or loss in personnel expenses. The management board member is not obliged to exercise the stock options immediately. He/she is entitled to exercise stock options up until a maximum of six months after the expiration of the employment contract in part or in full.

Stock options of Mr. Siegfried Mader: The option rights agreed upon with Mr. Mader have expired upon his resignation as CEO (as of 12/12/2012) and upon expiry of the exercise date in the fiscal year 2012/2013.

Stock options of Dr. Franz Fraundorfer: The following stock option model was agreed upon to be a part of the remuneration in the employment contract for members of the management board entered into with Dr. Fraundorfer (member of the management board since September 21, 2013):

| Time of Allocation | Exercise price | Number of options | Period | First possible time of exercise |
|--|----------------|-------------------|------------------------------------|---------------------------------|
| Allocation of 20,000 pieces upon appointment as a member of the management board | EUR 5.00 | 20,000 | 9/21/2013 to 9/20/2018 | 9/21/2013 |
| Allocation of 20,000 pieces after restructuring of financing | EUR 5.00 | 20,000 | Up to 5 years following allocation | Following allocation |
| Allocation of 10,000 pieces after exceeding a sustainable price target of THI AG | EUR 5.00 | 10,000 | Up to 5 years following allocation | Following allocation |

Due to materiality reasons, the fair value determination of the option of Dr. Fraundorfer was omitted.

Organization and rules of procedure of the supervisory board

The supervisory board is informed on a regular basis by the management board on the current corporate development and receives information on risks, as well as opportunities, arising in the course of business operations in a timely manner. In addition to its supervisory functions, the supervisory board also gives advice and makes recommendations. In an open and constructive manner, the supervisory board assists the management board in strategic decisions.

Laws and regulations, applicable for listed companies in Austria, e.g. the Austrian Stock Corporation Act (AktG) and the Stock Exchange Act (BoerseG) serve as a basis for the activities of the supervisory board. In addition, the supervisory board has undertaken to comply with the rules of the Austrian Corporate Governance Code. With regard to internal company regulations, the articles of association and the rules of procedure are of key importance. The members of the supervisory board are appointed by the general meeting of THI AG and may be recalled by it.

In accordance with the articles of association of THI AG, the supervisory board consists of a minimum of three and a maximum of five elected members and, if applicable, any members delegated pursuant to the Labor Constitution Act (Arbeitsverfassungsgesetz). When elections are held to appoint members of the supervisory board, the general meeting has to pay attention to the professional and personal qualifications and the balanced composition of the supervisory board in terms of expertise. Also, diversity aspects have to be appropriately taken into account with regard to the representation of both sexes and the age structure as well as internationality of the members. Newly appointed members of the supervisory board are to obtain sufficient information on the activities of the Company as well as the tasks and responsibilities of members of the supervisory board.

In the fiscal year from October 1, 2012 to September 30, 2013, the following persons stated in the table served as members of the supervisory board of Teak Holz International AG:

| NAME | YEAR OF BIRTH | FROM | TO |
|---|---------------|------------|------------|
| Gotthard Graf Pilati von Thassul zu Daxberg , independent Chairman of the supervisory board | 1945 | 5/10/2013 | * |
| Deputy chairman | | 12/12/2012 | 5/10/2013 |
| Member of the supervisory board | | 2/21/2007 | 12/12/2012 |
| Erwin Hörmann , non-independent Deputy chairman | 1939 | 9/21/2013 | * |
| Member of the supervisory board | | 5/10/2013 | 9/21/2013 |
| Chairman of the supervisory board | | 12/12/2012 | 5/10/2013 |

| | | | |
|---|------|-----------|------------|
| Deputy chairman | | 2/21/2007 | 12/12/2012 |
| Dr. Benoît Leleux, MBA , independent Member of the supervisory board | 1961 | 5/10/2013 | * |
| Dr. Monika Wildner, LL.M. , independent Deputy chairman | 1971 | 5/10/2013 | 8/31/2013 |
| Dr. Manfred Luger , independent Member of the supervisory board | 1953 | 2/18/2010 | 5/10/2013 |
| Mag. Alexander Hüttner, LL.M. , independent Chairman of the supervisory board | 1973 | 1/26/2007 | 12/12/2012 |

* The missing dates in the column "TO" relate to the members of the supervisory board and their function as of the balance sheet date September 30, 2013.

Independence of the supervisory board

Rule C-53 and Appendix 1 of the Austrian Corporate Governance Code (as amended in July 2012) state the guidelines on how the independence of members of the supervisory board is to be established. The supervisory board bears these criteria in mind. All members of the supervisory board, except for Mr. Erwin Hörmann, were independent. In accordance with Rule C-54, Mr. Hörmann was not to be qualified as independent, since he has business relations to Hörmann-Privatstiftung that had more than 10% of the voting rights in THI AG as of the balance sheet date (September 30, 2013). The majority of the members of the supervisory board were considered independent. The members of the supervisory board of THI AG did not have any supervisory board mandates with other domestic and foreign listed companies during the fiscal year.

Remuneration of the supervisory board

The remuneration for the supervisory board is set at the annual general meeting for the past fiscal year. On May 10, 2013, the 6th ordinary general meeting set the total remuneration for the members of the supervisory board at EUR 40,000 for the fiscal year 2011/2012 (prior year: EUR 40,000), leaving it up to the supervisory board members how to split this amount. An individualized presentation of remuneration, as stipulated in Rule C-51, is not published to protect the privacy of the individual members of the supervisory board. In the fiscal year 2012/2013, the total remuneration of EUR 35,000 of all members of the supervisory board was recognized in the income statement. At the balance sheet date September 30, 2013, no loans or advances had been granted to members of the supervisory board.

Audit committee and other committees

An audit committee was established to implement the regular monitoring functions. This committee is obligated to fulfill the functions specified in the Austrian Stock Corporation Act (AktG). The responsibilities of the audit committee include, among others, monitoring the accounting process, monitoring the effectiveness of the internal control system and risk management system, as well as audit procedures regarding financial statements and consolidated financial statements. It is the committee's responsibility to make sure that, from the Group's perspective, adequate processes have been properly established in the Company and its subsidiaries. Another responsibility of this committee is to review the Corporate Governance Report.

In the fiscal year 2012/2013, the audit committee comprised the chairman of the audit committee, Mr. Erwin Hörmann, and the audit committee members Mr. Alexander Hüttner and Gotthard Graf Pilati von Thassul zu Daxberg. Moreover, the audit committee consisted of the chairman of the audit committee, Dr. Monika Wildner and the audit committee members Dr. Benoît Leleux, MBA, and Gotthard Graf Pilati von Thassul zu Daxberg in the fiscal year 2012/2013. In the reporting period, the audit committee convened twice, and the supervisory board held ten ordinary meetings. No supervisory board member was absent at more than half of the meetings in the fiscal year 2012/2013.

Apart from the audit committee, no further committees are in place (Rule C-39). Neither a separate nomination committee (Rule C-41) nor a separate compensation committee (Rule C-43) has been established due to the specific circumstances (for example the small size of the Company). All functions which are usually carried out by these committees were performed by the supervisory board as a whole. If a certain company size is reached, the appropriateness of an establishment of further committees will be reviewed.

Changes in the supervisory board/extraordinary general meeting

At the beginning of November 2013, two members of the supervisory board, Mr. Erwin Hörmann and Gotthard Graf Pilati von Thassul zu Daxberg, notified the Company of their resignation effective as of November 5, 2013 and December 6, 2013, respectively. As the member of the supervisory board, Dr. Monika Wildner, resigned with effect as from the end of August 2013, the supervisory board consisted only of one member appointed by the general meeting, Dr. Benoît Leleux, as of December 6, 2013. Hence, the supervisory board was no longer quorate.

In order for the supervisory board to be in a quorum, an extraordinary general meeting was convened in Linz on December 9, 2013 having only one item on the agenda: Appointments to the supervisory board. In the 6th general meeting held on May 10, 2013, all three proposed candidates were appointed with the required majority to serve on the supervisory board for the remaining term of the newly appointed supervisory board, which means until the general meeting for the fiscal year 2016/2017. The new members of the supervisory board obtained sufficient information on the activities of the Company as well as the tasks and responsibilities of members of the supervisory board.

Mr. Erwin Hörmann notified the Company of his resignation from the supervisory board effective as from December 20, 2013. The reasons Mr. Hörmann stated for his resignation were that his availability for another term and appointment to the supervisory board were met with resounding rejection by the shareholders and shareholder representatives present in the extraordinary general meeting that had taken place only on December 9, 2013. After much thought, he decided to announce his resignation with immediate effect.

Since December 20, 2013, the following three persons have served on the supervisory board of Teak Holz International AG:

| NAME | YEAR OF BIRTH | FROM | TO |
|--|---------------|-----------|-------------------------------------|
| Dr. Reinhard Schanda , independent Chairman of the supervisory board | 1965 | 12/9/2013 | General Meeting for FY 2016/2017 |
| Dr. Benoît Leleux, MBA , independent Deputy chairman | 1961 | 5/10/2013 | General Meeting for FY 2016/2017 |
| Lorenzo Subani , independent Member of the supervisory board | 1970 | 12/9/2013 | General Meeting for FY 2016/2017 |

III. OTHER DISCLOSURES

Issuer Compliance Guideline

Upon its initial public offering in March 2007, the Company implemented a mandatory compliance guideline in order to avoid insider trading. This guideline is in compliance with the capital market regulations and the Issuer Compliance Decree currently in place in Austria. In consultation with the management board, a compliance officer oversees, among other things, the tasks in connection with the implementation of and compliance with the guideline, training and information, updating insider registers, publication of retention periods, and preparation of an annual activity report.

Measures for the promotion of women

In the field of administration, the proportion of women in the THI Group was at an annual average of approx. 50% in Austria. At the balance sheet date September 30, 2013, four of the nine persons employed in the office in Linz were female. As far as administration is concerned, the proportion of women in Costa Rica was approx. 50% as well. The majority of the plantation workers are male. Although the strenuous forestry work in the teak plantations is primarily carried out by men, women are involved in the planting and the care of trees; here, the percentage of women is approx. 10%.

Since the Company is a rather small corporation and few staff members are employed, no explicit program to increase the percentage of women is in place. Vacant positions are always filled with the best possible candidate, regardless of gender.

With regard to the composition of the supervisory board, the new members to be appointed to the supervisory board at the 6th ordinary general meeting were chosen based on the professional and personal qualification of the candidate. Also, diversity aspects were taken into account with regard to the representation of both sexes and the age structure as well as internationality of the members. With Dr. Monika Wildner, a woman was appointed to the supervisory board of THI AG for the first time. Dr. Wildner, however, resigned from the supervisory board at the end of August 2013. The supervisory board, thus, is currently composed of three male members.

Auditor

PwC Wirtschaftsprüfung GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, domiciled in Vienna, Austria, was proposed to audit the financial statements and consolidated financial statements of THI AG for the fiscal year 2012/2013 and appointed by the 6th ordinary general meeting on May 10, 2013. Expenses for the auditor amount to EUR 58,477 (prior year: EUR 63,420). The breakdown into the individual activities is presented in the notes to the consolidated financial statements and financial statements.

Vienna, March 28, 2014

The Management Board:



DI Dr. Franz Fraundorfer



We draw attention to the fact that the English translation of this auditor's report according to Section 274 of the Austrian Commercial Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Teak Holz International AG, Vienna, for the fiscal year from October 1, 2012 to September 30, 2013. These consolidated financial statements comprise the consolidated balance sheet as of September 30, 2013, the consolidated statement of comprehensive income, the consolidated cash flow statement and the the consolidated statement of changes in equity for the fiscal year ended September 30, 2013, and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements under Section 245a UGB. 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; 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 (ISA) 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 reasonable 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, 2013 and of its financial performance and its cash flows for the fiscal year from October 1, 2012 to September 30, 2013 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Without qualifying our audit opinion, we refer to the comments on the liquidity risk in the consolidated financial statements (Note 20b in the Summary of significant accounting principles) where management refers to the special risks of the Group, most notably the liquidity risk. Management assumes that the currently pursued specific measures to obtain additional financing will be completed successfully and on time and previously existing financings will also be available in the future and/or be extended in order to secure the Group's liquidity. If this should not be the case and no alternative financing can be obtained that cover the necessary financial means until initial material harvest proceeds from the teak plantations (which according to the Company's current assumptions will not be the case before 2016/17) are generated, there is a material uncertainty regarding the Group's ability to continue as a going concern. The Group is exposed to special risks which, by their nature, are typical of a company in the development stage, thus is generally dependent on the future economic development of its Costa Rican plantation companies and the activities of the sales companies. The teak trees planted and managed by the Costa Rican subsidiaries are not yet fully marketable.

We also refer to the comments of the management board on the measurement of biological assets in Costa Rica (Note 4 in the comments on the consolidated financial statements). The value of the teak plantations determined pursuant to IAS 41 depends on various external and internal measurement parameters, which are explained under Note 4 in the consolidated financial statements. In preparing the balance sheet, the value was significantly adjusted downward in the fiscal year 2012/13. The loss resulted from changes in the forestry strategy pursued with regard to the harvest procedure and assumptions (particularly as to the realizable selling price) made in the prior years and is based on a newly commissioned forestry expert opinion. In this context, reference is made to the comments on the market risk in the consolidated financial statements (Note 20b in the Summary of material accounting principles) according to which the sales price of teak wood significantly influences the measurement of biological assets at fair value, but no comparable market prices for plantation teak wood exist. If any changes in the measurement parameters become necessary in the future, the fair value of biological assets may change significantly.

Comments on the Management Report of 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 and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report of the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, March 28, 2014

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft



Karl Hofbauer
Austrian Certified Public Accountant

REPORT OF THE SUPERVISORY BOARD

Composition of the Supervisory Board

At the time of preparation of this report, the current Members of the Supervisory Board were elected to the Supervisory Board on 10.05.2013 (Dr. Benoît Leleux) and on 12.09.2013 (Lorenzo Subani and Dr. Reinhard Schanda). At the constituent meeting of the Supervisory Board on 10.12.2013 the signatory of this report was elected Chairman of the Supervisory Board.

Activities of the Supervisory Board during the reporting year

For the purpose of writing this report, the signatory requested his predecessor in the role of Chairman of the Supervisory Board to report on the activities of the Supervisory Board during the reporting year 01.10.2012 to 30.09.2013. The former Chairman of the Supervisory Board, Gotthard Graf Pilati (Member of the Supervisory Board since 21.02.2007, Chairman from 10.05.2013), reported as follows:

“During the meetings of the Supervisory Board on 05.07., 17.07., 22., 23.08. and 21.09.2013 the Supervisory Board mainly dealt with the short-term and long-term financing and the search for investors. The Supervisory Board accepted the resignation of CEO Stefan Dertnig and of the Supervisory Board Member Monika Wildner. The Supervisory Board appointed Mr. Franz Fraundorfer as CEO and Mr. Klaus Hennerbichler as a Member of the Management Board.”

The signatory of this report also contacted all the other persons who were Members of the Supervisory Board during the reporting year, to give them an opportunity to supplement the above report by Gotthard Graf Pilati. The former Chairman, Mr. Erwin Hörmann (Member since 21.02.2006, Chairman from 13.12.2012 to 10.05.2013), granted the supplementary information, that the Supervisory Board focussed intensively on personal agendas (leaving of Management Board Members Mr. Mag. Mader on 12.12.2012 and Mr. DI Dertnig on 17.07.2013, and respective reappointment). He also confirmed that the Supervisory Board fulfilled the duties assigned to it by law and articles and that the Management Board provided regular reports concerning the course of business and the status of the plantations and the Company including its group's subsidiaries.

The incumbent Supervisory Board recognizes from the documents of the Company that during the reporting year - in addition to the meetings mentioned above - also meetings of the Supervisory Board took place on 24.10.2012, 14.11.2012, 12.12.2012, 17.12.2012, 18.01.2013 and 09.04.2013.

Audit of the financial statements as of 30.9.2013

With the participation of the Member of the Supervisory Board, Mr. Benoît Leleux, additional meetings took place on 28.10.2013 and 06.11.2013.

The current incumbent Supervisory Board held meetings on 10.12.2013, 06.03.2014 and 28.03.2014. On these days, also meetings of the Audit Committee were held, with the Chairman of the Audit Committee, Mr. Lorenzo Subani.

The annual financial statements, the management report, as well as the consolidated financial statements and the group management report for the financial year from 01.10.2012 to 30.09.2013 were audited by the PwC Wirtschaftsprüfung GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, domiciled in Vienna, (as resolved by the Annual General Meeting on 05.10.2013).

During the Audit Committee meeting on 06.03.2013 the draft versions of the annual financial statements, the management report, as well as the consolidated financial statements and the group management report were discussed with the Management Board and PwC Wirtschaftsprüfung GmbH. Topic of this discussion was primarily the forestry appraisal by Legacy Appraisal Services, Gainesville, USA, from 27.02.2013 which was commissioned by the Company. This report showed a significantly lower value of the Biological Assets compared to the previous approach of valuation. During the Audit Committee meeting held on 06.03.2013, on one hand, the reasons for the deviation of the evaluation compared to previous reviews were discussed. On the other hand, the resulting change in valuation according to IAS 41 was discussed with the auditors.

After clarification of the need for adaptation in accordance with IAS 41, as a result the Management Board created the annual financial statements, the consolidated financial statements, management report and group management report, dated 28.03.2014.

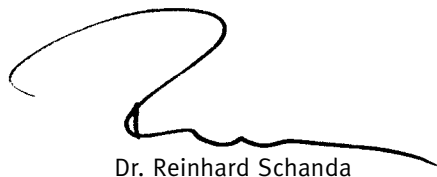
PwC Wirtschaftsprüfung GmbH issued the audit opinion on 28.03.2014 for the financial statements and the consolidated financial statements.

The Audit Committee reviewed reading versions of the annual financial statements, consolidated financial statements, management report and group management report and the reports of the annual financial statements and consolidated financial statements and discussed the documents with the auditors in the Audit Committee meeting held on 28.03.2014. The Supervisory Board also reviewed a draft version of the Corporate Governance report.

Thus the Supervisory Board accepted the annual financial statements on 28.03.2014, which in accordance to section 96 (4) of the AktG (Austrian Stock Corporation Act), are therefore taken as approved. The Supervisory Board also consented to the annual consolidated financial statements and the group management report.

Vienna, March 28, 2014

The Chairman of the Supervisory Board:



Dr. Reinhard Schanda

**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.

Vienna, March 2014

The Management Board:

DI Dr. Fraundorfer

The statement of all legal representatives
pursuant to § 82 (4) (3) of the BörseG
was signed by the CEO in the German Document.

