

FORWOOD





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Summary

Demand for cultivated teak is rising constantly and this trend is expected to continue in the future. In an attempt to save the remaining natural forest teak, more and more countries are imposing export and import restrictions. Not surprisingly, these restrictions affect the market and signify a positive price movement for plantation teak. With Teak Project 2009, Forwood offers an interesting scope for investment in the growing market for cultivated high-value timber. Forwood provides investment in a natural resource with stable growth and excellent return potential.

When you choose to invest via Forwood, you are choosing a total supplier. Forwood works with a flexible system of investment in TeakUnits, whereby you invest in an optional number at USD 3,700 each. One TeakUnit® initially comprises 111 plants. Forwood plants 111 teak plants per 1,000 m². The total includes full maintenance and lease during the rotation period of the plantation, which is estimated at 20 years.

Net income is obtained by deducting from the gross income the costs of commercial thinning and final felling, and a 3 percent administration charge, which goes to Forwood.

The Forwood Group's operations in Panama are regulated through subsidiaries – investment company Forwood Management Group S.A., land and management company Forwood Forestry Panama S.A. and cultivation and timber company Forwood Production S.A.

By completing and signing the subscription agreement at the end of this prospectus, you are entering into an agreement with Forwood's investment company Forwood Management Group S.A. No later than six months after the inception of the agreement, you will receive a supplementary lease agreement with Forwood Forestry Panama S.A.



Contact information

HEAD OFFICE

Forwood AB
Erik Dahlbergsgatan 11B
SE-411 26 Gothenburg
Sweden
Tel: +46 (0)31 107100
Fax: +46 (0)31 107109
E-mail: sales@forwood.com

BOARD & MANAGEMENT

Oscar Grön, Chairman of the Board
Anders Johansson, Board Member
Timo Lehtonen, Board Member, President & CEO

Website: www.forwood.com

MANAGEMENT & SALES OFFICE

Forwood Forestry Panama S.A.
Torre Global Bank Nueva
Calle 50
Piso 17, Oficina 1701
Panamá
Tel: +507 340 3900
Fax: +507 340 3905
E-mail: sales.panama@forwood.com

SALES OFFICE

Forwood
25 Nevsky prospect, 2nd floor
St. Petersburg, 191186
Russian Federation
Tel: +7 (812) 346 78 87
Fax: +7 (812) 346 78 00
E-mail: sales.russia@forwood.com

SALES OFFICE

Forwood
Office 21, Yaroslavov Val str.
Kiev, 01034
Ukraine
Tel: +38 (044) 585 19 95
Fax: +38 (044) 234 57 55
E-mail: sales.ukraine@forwood.com

About Forwood

The Forwood Group works on a large scale, both directly and indirectly via our wholly-owned subsidiaries, with investments in cultivated high-value timber and other forestry related activities. The Group consists of the parent Forwood AB (publ.), registered office in Sweden, and the Panama-based wholly-owned subsidiaries Forwood Forestry Panama S.A., Forwood Management Group S.A. and Forwood Production S.A. The Ukrainian company Nordic Financial Group has also been a member of the Group since October 2008.

The Group's main investment activities are in forest resources which combine stable growth with a much higher anticipated return than that offered by more traditional forestry investments such as spruce.

To date, Forwood has elected to focus on high-value teak (*Tectona grandis*), and currently has well established and large-scale operations in two regions of Panama. With its strong financial position, the Group has built an organisation which not only ensures that investors are provided with a safe and profitable investment, but also protects the environment and addresses ethical aspects of its areas of operation.

Since 1999 the Company has, directly or indirectly, provided investments in cultivated teak for more than 1,100 companies and private individuals. At present, the Company has over 1,300 hectares under management. Forwood is owned by approximately 500 share holders. Further information about the Group and a full annual report are available at www.forwood.com.

The Project's stages - an overview

Forwood only establishes plantations on fallow cropland or pasture land.

An area-specific establishment plan is produced and the soil is prepared for planting.

1



2



3



4



Planting is done in straight lines, referred to as square formation, with 3 metres between each plant. The distance is designed to give the plants the light they need and to allow effective cultivating of the area with machinery.

The teak plants (*Tectona grandis*), which have been developed for 6 to 8 weeks in one of our nurseries, are placed in the soil in pre-bored holes. Forwood plants 1,111 trees per hectare (10,000 m²).

Maintenance of the plantations is based on a management plan and includes weed, pest and disease control.



5

A replanting guarantee is included during the first three years. Under the guarantee, areas where plants are not growing are replaced by new ones.



6



7

15-year teak rotation. The plantation here is calculated as having achieved an average height of 25 m and an average diameter of 35 cm.



8

Thinning normally takes place three times during the plantation's rotation period, which is around 20 years. The best trees are saved during thinning, thereby allowing optimal development. After approximately 20 years, the trees are felled and Forwood arranges sale of the timber.

Investing in forests

THE TIMBER MARKET

Historically speaking, demand for forestry products has risen hand-in-hand with the earth's growing population and there is nothing to indicate that this trend will be broken. On the contrary, growth in Asia is triggering increased building activity, which in turn is generating increased demand for timber.

Timber and wood products represent one of the world's most important trade groups. In 2007, the timber producing countries affiliated to the ITTO¹⁾ exported approximately 11.7 million m³ logs, at a value of almost USD 1.5 billion.

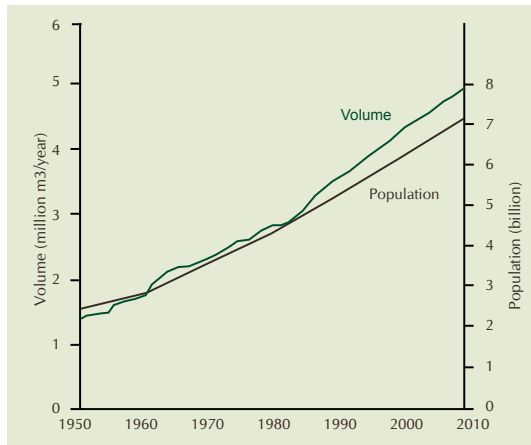
CULTIVATED HIGH-VALUE TIMBER - HARDWOOD

There is no clear definition of what tree species are categorised as high-value timber. The designation is normally used to describe hardwood which is used in cabinet making. In principle, hardwood is currently cultivated across the globe. Demand for hardwood far outstrips supply, and many countries such as Russia and China have introduced various types of import and export trade barriers in an effort to control the constantly rising import needs.

Species of wood categorised as hardwood include oak, ebony, mahogany and teak. The term hardwood covers timber from broad-leaved, often tropical, tree species. Unlike softwood, which includes conifers, hardwood has a high density. Hardwood is used for building, floors, furniture and veneers. It is also has a generally higher resistance to insect attack and decay than softwood.

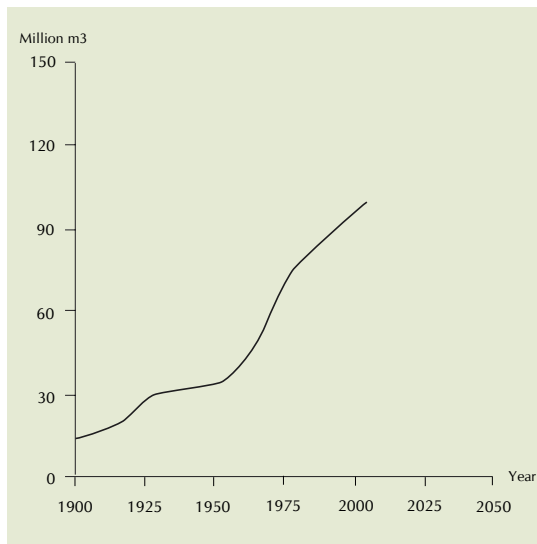
¹⁾ ITTO, (International Tropical Timber Organisation) is an independent organisation promoting the conservation and sustainable management, use and trade of tropical forest resources. Its members represent 80 percent of the world's tropical forests and 90 percent of the global tropical timber trade.

Increase in forest felling volume compared with increase in population



Fuente: Sutton, W.R.J. 1993. "The World's Need for Wood."

Demand for hardwood, millions m³.



Source: UN Food and Agriculture Organisation (FAO)

Environment

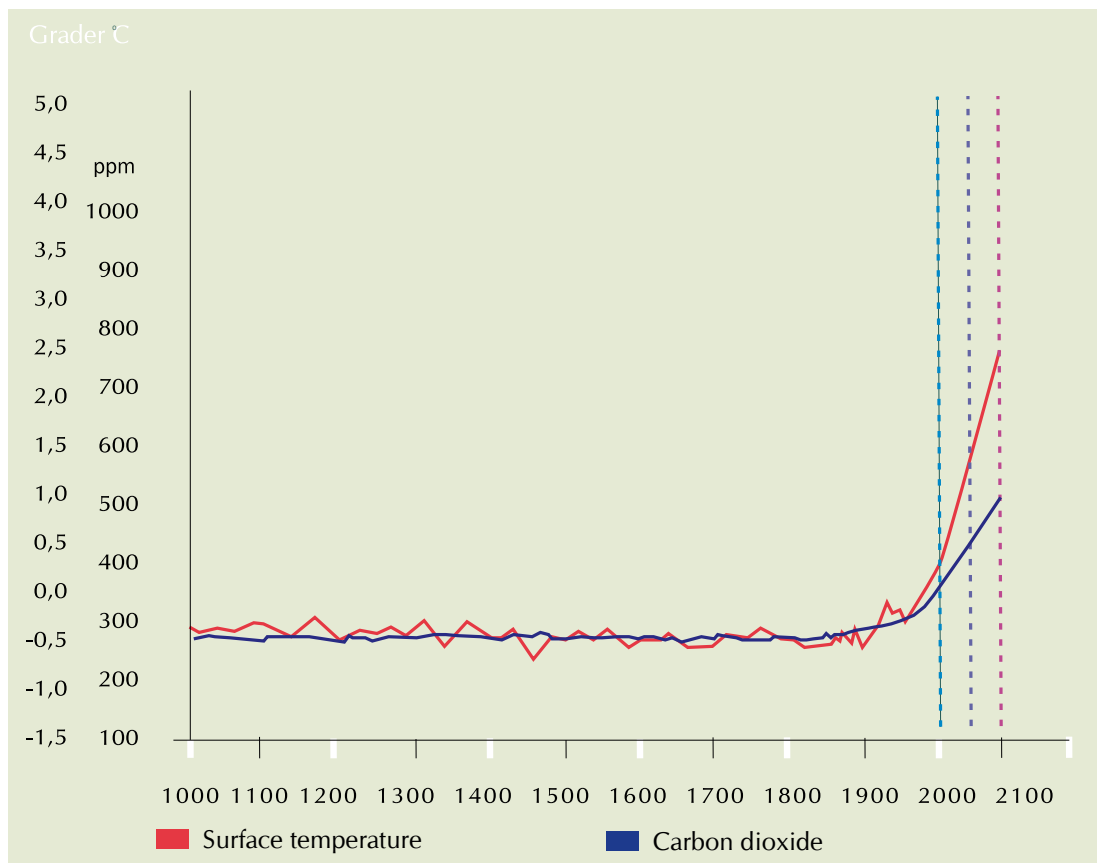
Forests and forest resources are regularly the subject of extensive climate and environmental reports, while the greenhouse effect, a global problem which affects us all to varying degrees, can hardly have escaped anyone's attention.

According to a report published by the UN organisation FAO, the net annual forest loss between 2000 and 2005 amounted to 7.3 million hectares each year, which corresponds to the entire surface of Panama or 200 km² per day!

Approximately 30 percent of the earth's land surface is covered by forests, 26 percent of which are tropical rain forests. It is estimated that the world's forests store 283 gigatonnes (Gt) of carbon dioxide in their biomass alone and 638 Gt in the ecosystem as a whole. Thus, forests contain more carbon dioxide than the entire atmosphere. Yet vast areas are lost to deforestation and forest degradation every year. To call this a disaster is no exaggeration - the environmental effects will be significant and will affect us all.

Source: Vergara and Briones, 1987, Global Forest Resources

Past, present and future concentrations of atmospheric carbon dioxide and the temperature of the earth's surface

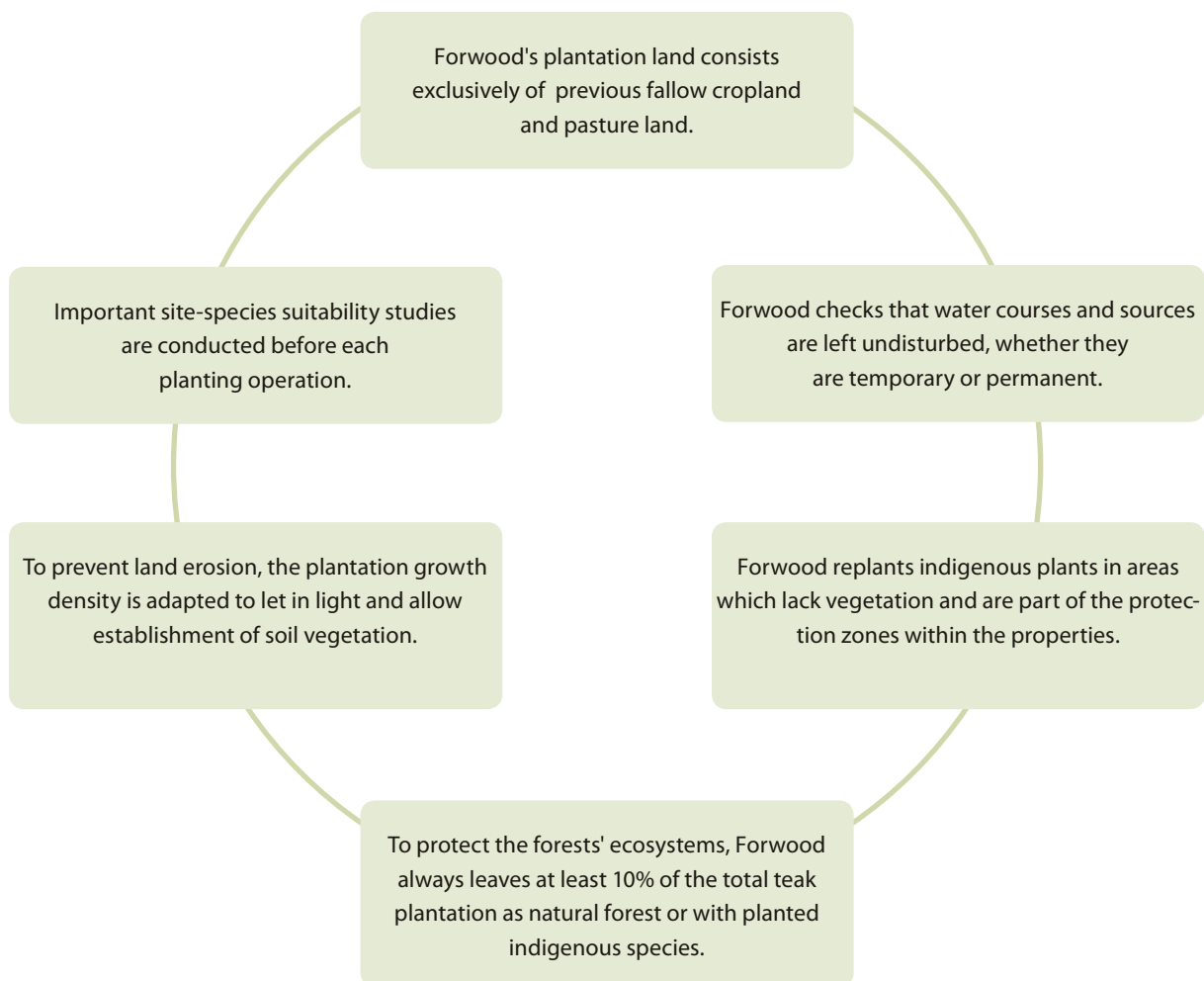


Source: The Intergovernmental Panel on Climate Change (IPCC)

The "Climate Change and Biodiversity Symposium" was held in Panama between 25 and 29 February 2008, with participants from across the globe. Researchers, institutes and organisations reported on their results and forecasts for development of forests and oceans in Central America and the Caribbean. With its unique biological diversity, Panama is highly interesting to monitor for possible climate change.



Forwood applies meticulous care in fulfilling its responsibility as one of Panama's largest owners and managers of cultivated teak. The Group works on a long-term basis, in particular with Panama's national forest and environment authority Autoridad Nacional del Ambiente (ANAM), on forest conservation and nature issues. Forwood is clear in its appreciation of the absolute value of soil and water as resources and that poor management can result in serious problems in the future. In general, the measures Forwood takes when establishing plantations can be summarised as follows:



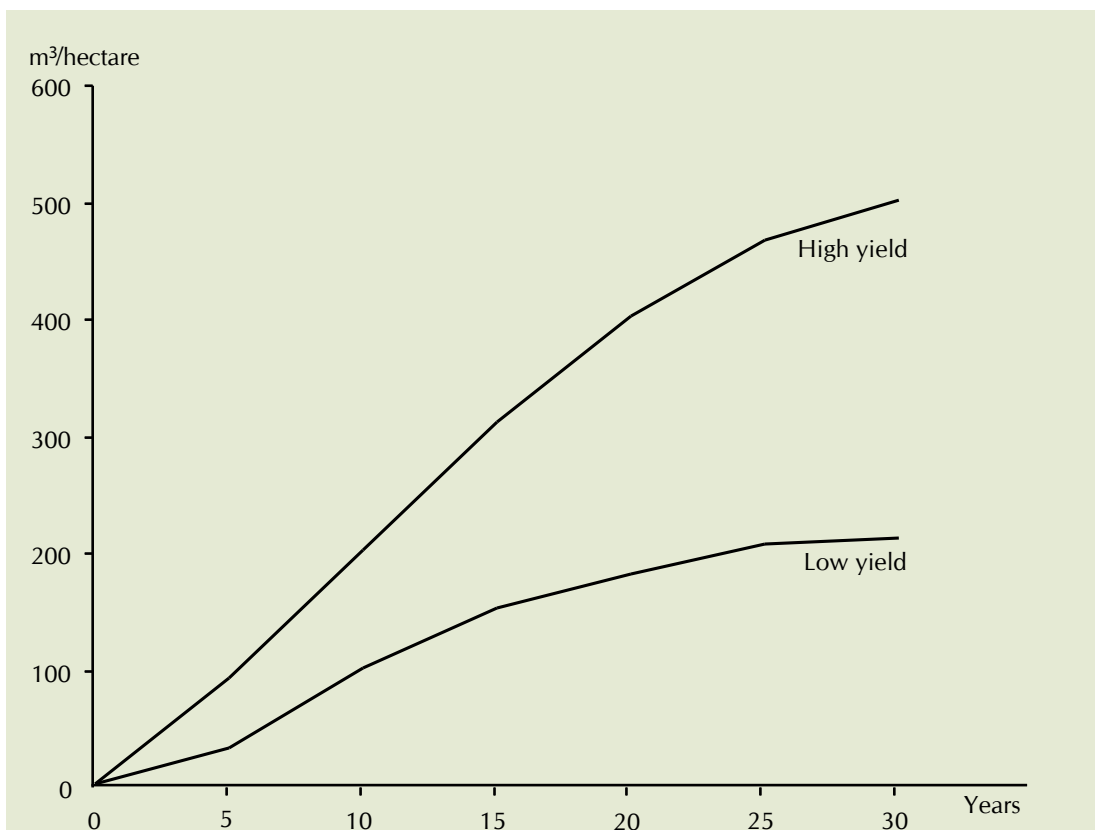
The main independent environmental organisations in Panama are Asociación Nacional para la Conservación de la Naturaleza (National Association for Nature Conservation), Asociación Centro de Estudios y Acción Social Panameño (Panamanian Centre for Research and Social Action), Fundación Dobbo-Yala and Fundación para el Desarrollo de los Jóvenes (Young People's Development Foundations).

Teak

Teak (*Tectona*) is a genus of trees in the verbena family. There are three species of teak: *Tectona grandis*, which is the most common, *Tectona hamiltoniana*, which is a local endemic species confined to Burma (Myanmar), and *Tectona philippinensis*, endemic to the Philippines. Teak originally came from countries in Asia, where the climate consists of a dry season lasting 3 to 5 months and a rainy season with an annual rainfall of 1,500-2,000 mm and temperatures between 22° and 35° C. *Tectona grandis* has adapted extremely well to Central America and there are extensive teak plantations in Panama and Costa Rica.

The shape and size vary according to local conditions and the age of the tree. In favourable conditions, they can reach a height of 40-45 m. The clear bole may reach a height of 25-27 m, although 9-11 m is more usual. Diameter values can reach 240 cm, although 35-80 cm is the norm.

Growth potential for plantation teak



Source: The management of teak plantations, Julio César Centeno, PhD





The teak market

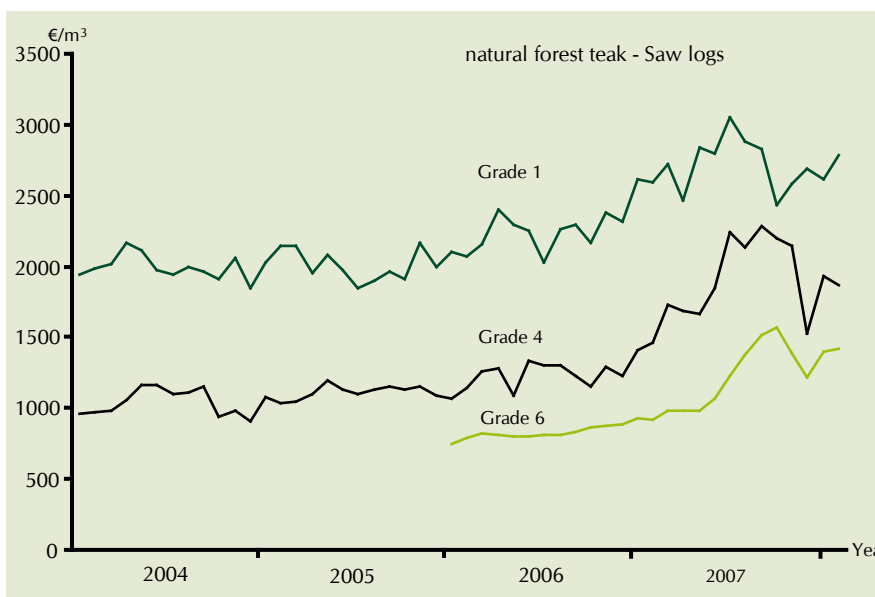
There is no collective reporting on cultivated teak prices or trading, as there is not a uniform assessment standard at the present time. Many countries are also restrictive in reporting actual figures for teak import and export. In the early part of 2008, the prices for all teak grades reached new record highs, partly due to increased purchasing activity from EU countries ahead of the import ban on natural forest teak. Burma has now decided to reduce its exports and cultivate large quantities of teak in the country.

Prices

The prices of natural forest teak are reported by ITTO regularly. The table below shows a presentation of prices for natural forest teak from Burma (Myanmar). We know from experience that the price of cultivated teak is considerably lower than the price paid for teak from natural forests, which is often considerably older. Studies also reveal that plantation teak cultivated in a 20-year rotation shows different characteristics in terms of colour and structure than for example, older teak which has developed more slowly.

The price which the timber can command on felling will be affected by factors such as international demand, access to markets and acceptance of plantation teak. To assess market inclination and obtain an indication of demand, it can be useful to look at price trends for Burmese (Myanmar) natural forest teak. The price of teak from Burma has fluctuated sharply month on month in the period 2004-2007. Nevertheless, it is stable at over USD 1,000 for all the high grades.

Burma (Myanmar) teak timber prices, natural forest



Source: ITTO (International Tropical Timber Organization)



Appearance and structure of the wood

The sapwood ¹⁾ is normally 2-3 cm and the colour varies from white to light grey. The raw heartwood is greenish yellow and, after drying, light brown to dark chestnut, while dark brown to black streaks are often found. The teak's colour varies according to where it is grown. Teak from Java is normally lighter, while teak from Burma (Myanmar) is darker. The wood structure is highly decorative due to its ring-porosity and parenchyma cells. The vessels in the springwood are rough. The vessels may contain dark or chalk-coloured substances. Newly dried surfaces often have light grey markings. However, these normally darken and even out. An untreated teak surface may have an oily feel.

Durability and areas of use

Teak is exceptionally resistant in an outdoor environment. It has a high content of silicon and tannin acids and is a medium heavy wood species with minimal movements during changes in the moisture ratio. It has good resistance to decay and insects, including termites. The wood species also has preservative properties which counter corrosion on metal mountings. After three years, the wood will have developed fire-resistant properties, allowing the timber a natural fire protection. There are many areas of use for teak - household objects, doors, window frames, garden furniture, boat decks, floors, borders, worktops, poles and interiors, to name a few.

Teak tends to be used mainly for its beautiful appearance and its unique properties which make it invaluable for surfaces which need to be resistant and durable.

In Asia, teak has been a sought-after building material for centuries. In Burma (Myanmar), we can still marvel at and travel over the unrivalled 1.5-kilometre-long U-Bein bridge, built entirely of teak in the mid-1880s.

Thailand is home to the world's largest golden teak mansion, Vimanmek Teak Palace, built without a single nail.

¹⁾ Sapwood is the outer part of a tree trunk, between the cambium and heartwood. Sapwood is responsible for transporting water and minerals from root to leaf, which is why it feels wetter than heartwood in a newly felled tree.



Panama

Despite the fact that teak is not one of the native species of Central America, parts of the area offer ideal conditions for the tree to develop. Teak plantations of varying sizes are now established in Costa Rica, Panama and Colombia. Forwood has decided to locate its operations in Panama. With its proximity to the equator, the country offers perfect conditions for cultivating teak. Consequently, with skilled and professional management we can expect good growth and timber quality. From an export perspective, the Panama Canal is an exceptional resource for cost-effective access to different parts of the world.



Panama, basic facts (2007)

Population:	3.3 million
Constitution:	Republic
Capital:	Panama City
Currency:	USD
President:	Martin Torrijos Espino
GDP:	USD 18.3 billion
GDP growth:	8.1 %
GDP per capita:	USD 5,579
Inflation:	2.5 %
Unemployment:	8.6 %

The country's main source of income is the Panama Canal. The Canal is undergoing a large-scale expansion programme to create a new lane of traffic, which is scheduled for completion in 2014. In addition to the Panama Canal, the Colon Free Trade Zone and the country's financial sector represent important parts of the economy. In terms of foreign politics, the USA is Panama's most important ally. The country, which is Panama's largest trading partner, also retains the permanent right to defend the neutrality of the Panama Canal under the Torrijos-Carter Treaty. In 2006, Panama won a seat on the UN Security Council, representing Latin America and the Caribbean.

In addition to its extensive natural forest, Panama has approx. 57,200 hectares (in 2008) of planted forest, which increases by approx. 2,000 hectares every year. The country's geographical proximity to the equator, well defined rainy seasons and consistent annual temperatures make it ideal for teak cultivation. The Forwood Group has elected to establish the majority of its plantations in the Panama and Darien provinces, to the east of Panama City.

The Darien province covers an area of 16,671 km², making it the largest in Panama. The area is thinly populated, with only 40,000 or so inhabitants. Darien is known for its good soil and is considered one of

the world's last green bastions of untouched tropical nature. The Darien National Park spans an area of 579,000 hectares of wilderness extending along the border with Colombia. However, by tradition all the eastern area, from the town of Chepo approx. 50 km east of Panama City, is called Darien.

The area's fantastic biological diversity has resulted in it being designated a World Biosphere Reserve and Natural World Heritage Site by UNESCO.



Teak Project 2009 – Offer

Forwood now offers you the opportunity to participate in the Company's Teak Project 2009 for investment in cultivated teak. The project will be established in the Panama or Darien province in southeast Panama. The teak produced is expected to be suitable for the furniture industry and can be sold as roundwood or sawn timber, or as standing timber.

Investors in Teak Project 2009 will enter into an agreement with Forwood Management Group S.A., under which Forwood undertakes to establish, manage, fell and sell the wood. Within six months of the inception of the agreement, all investors will also receive a lease agreement, which guarantees that the site will be kept available for the project for the duration of the rotation. As protection for the investor, this lease agreement is registered in Panama's real estate register, the Registro Publico.

Forwood uses the TeakUnit as its investment unit. One TeakUnit (USD 3,700) covers the planting of 111 teak plants. During the rotation, three thinnings are considered necessary to give optimum conditions for the stock's development in terms of height and diameter until final felling. One of the thinnings is expected to be non-commercial and the other two commercial.

The duration of the project is expected to be about 20 years. As an investor, you will never have to make additional outlay for your investment during the management period.

Costs associated with commercial thinning and final felling are deducted from gross income (see page 38 "Getting to grips with the terminology"). The agreement is signed with the Forwood Group's Panama-based investment company Forwood Management Group S.A., and the funds for the investment are paid in US dollars into the company's account, either as a one-off payment or in instalments. The investment includes project establishment and management, and non-commercial thinning during the project.

Teak Project 2009 is limited to 1000 TeakUnits, which covers approx. 111,000 teak plants, planted over a minimum area of 100 hectares. There is no subscription level which must be achieved for the project to go ahead. Any TeakUnits not subscribed for will remain with Forwood and will be distributed to Forwood's shareholders after final felling. The minimum subscription unit is one TeakUnit.

Planting under Teak Project 2009 will start when the rainy season has stabilised in June 2009.



Selection of site for plantation establishment

For Teak Project 2009 the land acquisition process started back in summer 2008. If Forwood is not successful in acquiring land that fulfils the Company's high criteria, there is a site on deposit with the land and management company Forwood Forestry Panama S.A. The intention is for the Forwood Group to establish a teak plantation on a site under its own management, but if new land is not acquired, the site will be used for Teak Project 2009.

When selecting land for plantation establishment, the following three parameters must always be met before the land is acquired:



- **Soil**
The site must have soil, elevation and ambient climate that are suitable for cultivating teak commercially.
- **Infrastructure**
The site must have good access to infrastructure that allows cost-effective management and completion of the project.
- **Previously exploited site**
The site must have been fallow cropland or pasture land.
Forwood never fells natural forest to establish teak plantations.

Management

As in all areas, technical progress in the forestry industry is accelerating. Forwood monitors technical development and participates in several fora for discussions about new discoveries, technical solutions and methods. The Company's extensive land and plantation areas also provide good scope for us to safely try out and evaluate new methods before implementing them on a large scale. Forwood guarantees top-class management of all its projects, and invites investors to visit and inspect the plantation at any time during the investment's rotation period. Forwood does not give any concrete cost estimates

or elaborate examples relating to management costs. Since the work required to ensure good management varies from project to project, management costs may actually be less or more than what the investor pays for his investment. The investor is only responsible for paying the initial charge for the number of TeakUnits purchased.

Replanting guarantee

Teak grows and develops quickly. The teak plant is robust, although if something should happen and some of the plantation area is lost, the whole plantation is covered by a replanting guarantee, which applies up to and including three growth seasons after planting.

When the teak tree has gone through three growth seasons, the root system is normally well established enough for maintenance to move into the next phase, which is focused on pruning, liming and similar measures.

Forwood guarantees that 12 months after planting, there will be a minimum of 90 percent of the original number of trees planted.

Reporting

Forwood publishes a quarterly newsletter containing general information about the Group, the plantations and Panama.

Forwood's forest engineers carry out annual assessments of the status and work on all the plantations. This report is made available to investors and is supplemented with an inspection which is conducted every five years by an independent forestry consultant outside the Forwood Group.

The Forwood Group endeavours to achieve transparency and always welcomes visits and questions from investors and interested parties. In addition, one or more investors' tours are arranged every year. These give investors the chance to combine a relaxing trip to Panama with exciting and informative visits to our plantations.

Thinning, felling and sale

Forwood acts as sales agent for the investor and uses its experience and established sales channels to sell the project timber at the best possible price.

Forwood estimates that final felling will take place 18 to 20 years after initial planting. The agreement covers 20 years in order to ensure the felling and sales processes are completed within the time frame of the agreement.

During the rotation period, Forwood will carry out three thinnings. As we mentioned previously, this is done in order to create good conditions for the best trunks and ensure optimal growth for the stock. The thinnings are both commercial and non-commercial. Commercial thinning provides timber which commands a value on the market, while non-commercial thinning provides timber mainly comprising sapwood. This means that although a project has fewer trees on final felling than were planted, development of the diameter and quality of the resources are enhanced.

Income from commercial thinning is paid after deduction of thinning and selling costs, as well as a 3-percent administration charge applied by Forwood. After the felling process begins, the project is expected to be completed in stages over a maximum period of six months.

Final felling costs and costs of selling the timber from commercial thinning or final felling are deducted from the gross income to obtain net income.

Income expected from the project being allocated emissions rights goes to the investor. In the case of allocation of emissions rights, Forwood will decide when and how the rights will be implemented.



Risks and risk management

There are a number of risks associated with Forwood's projects. These risks can be classified as direct risks, market risks and other risks. The project's rotation period is approximately 20 years and potential investors should be aware that various factors may affect the project in such a way that there is no guarantee that the invested amount will be recouped.

Project risks traditionally arise in investments with long investment horizons and in agriculture-related investments. The TeakUnit system ensures the risks are spread proportionately among all investors in Teak Project 2009.

DIRECT RISKS

Wind

It can happen that Panama is hit by cyclones or other extreme winds. All the projects which Forwood has planted and managed to date have been spared. Forwood considers the risk of cyclones to be minimal as all project areas are protected by mountain ranges. Panama's proximity to the equator means the country has escaped the type of hurricanes which tend to hit the USA.

Drought and rain

The present weather conditions which include well defined rainy seasons are highly favourable for teak cultivation. Forwood is meticulous in selecting the location and type of land for its projects. When the Company selects a site, it looks for gently undulating land, to give natural drainage. If needed, a drainage dyke can be erected to ensure the trees' root systems are not given too much water.

Fire

Forwood always builds fire breaks in and around its project areas, and also erects strategically placed observation towers. As part of its management programme, Forwood endeavours to keep undergrowth and grass at low levels in the project, thereby reducing the risk of anything setting alight.

Pests and disease

Certain types of pest and disease can harm the plants and trees. The Company's active management involves regular reports on the status of the stock, which include notes on any pests and disease. The most common pests are ants and parasites which devour the leaves.

To prevent the project being affected by pests and disease, any affected trees are isolated. If the Company's engineers consider the damage to be sufficiently serious as to jeopardize the plantation's or the tree's chance of survival, the tree is discarded and removed from the project.

Volume risk

The project's timber volume on felling is critical to the investor's return. In addition to the rigorous methods used to select suitable premises for the project, growth is regularly checked by Forwood's own quality controllers. The Company also uses an independent forestry consultant who regularly assesses the trees' growth.

Quality risk

The quality of the finished stock plays a vital role in defining the value of the felled timber. The quality is determined by looking at the wood colour, fibre size, straightness of trunk and assessing whether the tree has been correctly pruned. The felled timber is therefore largely dependent on the quality of the seed and how the tree has been managed.

Forwood has designed processes to ensure qualitative plantation establishment and operation. The forest engineers carry out checks and are responsible for all parts of management, ensuring measures are carried out correctly and at the right time.

Market risks

MARKET AND COMMERCIAL RISKS

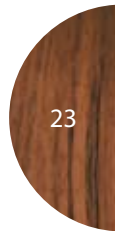
The teak market is not as regulated as the markets for other natural resources. Consequently, it is difficult to define a reliable end price for the teak we cultivate. Market assessment of the quality and dimensions of the tree will be a crucial determinant of the pricing of the project timber. Much of the information we currently have regarding teak cultivation is from data collected in locations other than Central America and Panama. Forwood's projects are not expected to have the high quality or large-scale dimensions of natural forest teak or primeval forest teak; instead, the focus is on producing timber of a quality accepted by the market and cultivated in an ethically correct way. The Company regularly inspects the stock to ensure the product being cultivated is of the quality expected on the international market.

Demand for teak may also decline when buyers find a substitute for the timber or as a result in a general fall in demand. However, we are seeing the opposite trend at the present time.

Other risks

POLITICAL CHANGES

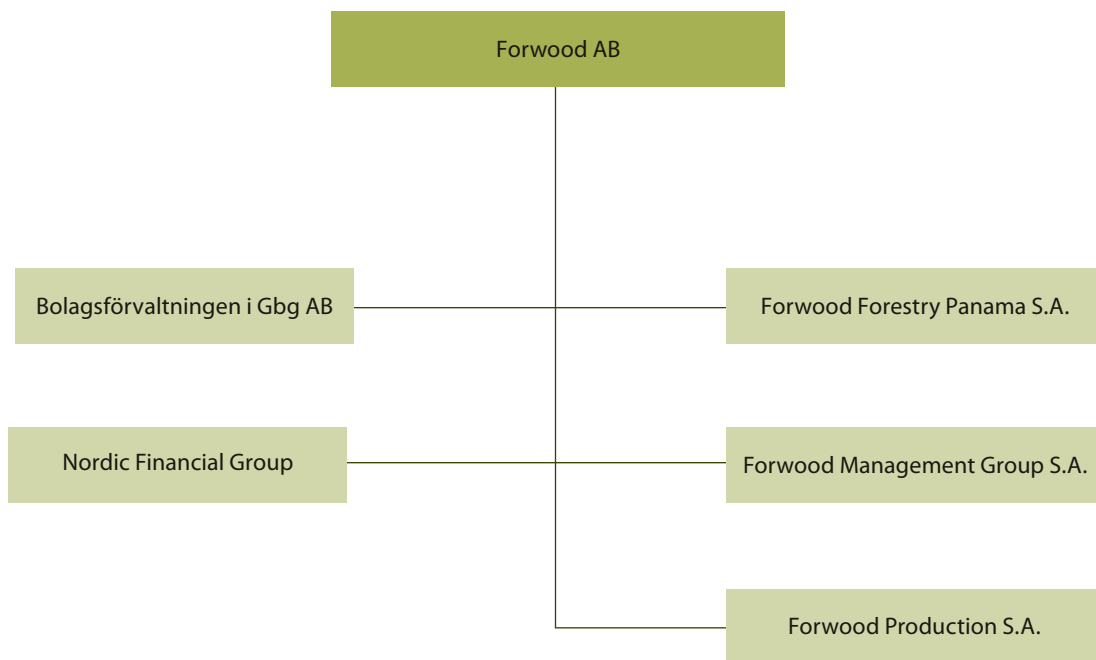
Political changes in Panama may affect the project. Changes in trade agreements, tax rules and other legal changes may also have an impact on the project's return. Panama is a democracy with a popularly elected president and a country in a phase of high growth and low inflation. The Panama Canal is being expanded and major infrastructure investments are being made. Panama is also a financial centre, and home to the world's second largest free trade zone.



Forwood

Forwood's activities are largely concentrated on establishing and managing teak plantations for investment purposes. The Company uses suitable technical methods and makes replanting of forests a sustainable process for production of high-value timber. The plantation is managed by Forwood Forestry Panama S.A., which is a wholly-owned subsidiary in the Forwood Group. The company has an organisation with extensive experience in the establishment and management of teak plantations. All Forwood's forest engineers are specialists in tropical forests and have the exact knowledge and resources needed to achieve the high expectations of the Forwood Group and its investors.

Group



ORGANISATIONALLY, FORWOOD'S PANAMA OPERATIONS CAN BE DIVIDED INTO TWO GROUPS - THE MANAGEMENT GROUP AND THE CONTROL GROUP.

THE MANAGEMENT GROUP

The management group's main tasks include land acquisition, establishment, management, thinning, felling and sale of timber. They also work on minimising risks, such as fire and pest damage. An important aspect of the group's work also involves establishing solid contacts with the local population.

THE CONTROL GROUP

The control group is responsible for ensuring project operations are run in accordance with the defined management plan and all management is carried out ethically and takes into account the properties and needs of teak. The control group obtains help from external forestry consultants and environmental organisations. These include ANAM and SGS¹⁾. Forwood's CEO in Panama and the forest engineers are permanent members of the control group.

Goals and strategy

The Forwood Group's entire production will be based on the interplay between environment and company, and will result in improved and long-term conservation of the existing natural resources in its management areas.

In order to achieve necessary profitability, minimise environmental impact and protect endangered ecosystems, Forwood has formulated a series of strategies for its activities. These strategies can generally be summed up as follows:

- Forwood has complied with and will continue to comply with all laws and regulations issued by Autoridad Nacional del Ambiente (ANAM), the regulatory and supervisory body for the replanting of forests in Panama.
- Forwood has complied with and will continue to comply with all guidelines drawn up in the management plan which regulate activities conducted in the framework of forest planting projects.
- Forwood will apply all the principles and criteria issued by the Forest Stewardship Council A.C.¹⁾ (FSC), in the

¹⁾ SGS – FSC-certified body in Panama. The Forest Stewardship Council (FSC) is an international organisation devoted to encouraging responsible management of the world's forests. FSC sets high standards that ensure forestry is practised in an environmentally responsible, socially beneficial, and economically viable way.

Work procedure

○ SELECTION OF LAND

Earth samples are analysed and the site is inspected prior to issuing a permit for establishment of a teak plantation

○ PREPARATION OF LAND

The soil is harrowed in preparation for plantation

○ FROM SEED TO PLANT

FSC-certified *Tectona grandis* seeds grow into plants in 6 to 8 weeks in the controlled environment of one of Forwood's own nurseries

○ PLANTING

The best plants are selected and 111 plants are planted per 1,000 m²

○ MANAGEMENT

Management is based on a plan individually adapted to the plantation area.

Management covers everything that ensures optimal development of the plant/tree during the rotation period

○ THINNING

Thinning is carried out to create good conditions for the best trunks and ensure optimal growth for the stock. We estimate that a total of three thinnings will be carried out.

Selection of land

Because identifying and acquiring land is a time-consuming and extensive process, these activities are carried out by staff specialising in land acquisition. Forwood works proactively on land acquisition by establishing local networks which can give early indications of suitable and good-value sites.

All land acquisition takes place in consultation with the Company's forest engineers. After a visual inspection of the area, the engineer takes soil samples which are analysed. The structure, depth and mineral content of the soil is examined. When the land acquisition process for the project is completed, a detailed map of the designated site is made available.

Before preparation work to establish the plantation is started, the area is inspected by the Panamanian forestry authority Autoridad Nacional del Ambiente (ANAM). They visit the site, conduct GPS surveys and examine any watercourses. Once the area has been approved for the establishment of a teak plantation, Forwood's work continues. The project will be established in the Panama or Darien provinces of Panama.

Preparatory work

During the dry season, the soil is harrowed using tractors. Clumps of trees, bushes and vegetation around watercourses are always saved in order to provide "wild corridors" through the cultivated sections. During the dry season, a road network is also established. This will be used during the rotation period to transport personnel, equipment, fertiliser and lime. In principle, the entire plantation is enclosed, and monitoring areas and fire breaks are erected. Some simple form of staff accommodation is often built for employees to use.

When the planting boundaries have been defined, tractors are used to turn the soil and break up any soil compaction which may have arisen due to frequent use of the land for pasture.

Dibbles are then placed in a gridiron of straight lines. Meanwhile, other activities are in progress

in Forwood's nurseries. Hundreds of thousands of *Tectona grandis* seeds are imported from Costa Rica. All the seeds are FSC-certified and can be traced back to their original sack and delivery throughout the entire process.

The quality of the teak seed is a key determinant of how the teak develops. Forwood uses several different suppliers of seed, which is selected by the Company's own engineers and external experts. The purchase process is effective and controlled. The plants are grown in plastic containers using soil from the plantation to avoid any disruption to growth when they are eventually planted outside.

Establishment

Once the right infrastructure is in place in and around the project, the three-month long planting process can begin. The establishment starts in June when the rainy season has stabilised and the ground is sufficiently wet. Forwood is careful only to use plants which have developed evenly and show the straight growth required to produce straight trunks. When selecting plants, it is also important to ensure they are roughly the same height. This allows Forwood to control underlying causes of subsequent differences in growth.

A drill is used for planting, to ensure the soil around the plant's roots is sufficiently loose and the plant's root system can develop quickly. Fertiliser is also added to promote the plant's establishment. Planting takes place under the supervision of the engineers, allowing three metres between each plant, which

means 111 plants per 1,000 m². Planting is one of the most resource-intensive processes in the entire project.

Forwood's employees are mainly local inhabitants and the Company takes on a hundred or so seasonal workers. Using a local workforce benefits the neighbourhood and creates a strong bond with the community in which Forwood is working.



Financial position

FINANCIAL REPORT FOR FORWOOD AB (PUBL.) FINANCIAL YEARS 2006 AND 2007

Multi-year overview, Group	2007	2006
Net sales	1 949 184	3 720 471
Profit/loss after net financial items	2 716 300	- 1 298 321
Equity/assets ratio (%)	93	97
Quick ratio (%)	619	1 849



Income Statement

(SEK)

	2007	2006
Net sales	1 949 184	3 720 471
Work performed by entity and capitalised	7 979 537	4 327 868
Other operating income	381 264	250 983
	10 309 985	8 299 322
Operating expenses		
Raw materials and consumables used	-3 158 334	-1 044 744
Other external expenses	-5 033 906	-5 074 322
Personnel expenses	-4 367 347	-3 267 987
Depreciation, amortisation and impairment of intangible assets	-359 790	-313 549
Share of profit of associates	63 537	0
Disposals	4 855 972	0
Operating profit/loss	2 310 117	-1 401 280
Profit/loss from financial investments		
Profit/loss from other securities and receivables classified as non-current assets	- 737 353	0
Interest income	1 152 378	145 843
Interest expense	-8 842	-42 884
Profit/loss after financial items	2 716 300	-1 298 321
Deferred tax	508 504	0
Profit/loss for the year	3 224 804	-1 298 321

Balance sheet

(SEK)

	12-31-2007	12-31-2006
ASSETS		
Non-current assets		
Intangible assets		
Trademarks	15 647	19 666
Property, plant & equipment		
Forest property	28 036 461	20 514 102
Equipment and machinery	4 495 378	2 687 761
	32 531 839	23 201 863
Financial assets		
Interests in associates	63 538	0
Other long-term receivables	468 908	220 419
	532 446	220 419
Total non-current assets	33 079 932	23 441 948
Current assets		
Inventories		
Raw materials and consumables used	87 374	0
Current receivables		
Trade receivables	95 311	0
Other receivables	20 737 188	6 227 273
Prepayments and accrued income	99 536	891 383
	20 932 035	7 118 656
Cash and bank balances	3 525 882	7 309 764
Total current assets	24 545 291	14 428 420
TOTAL ASSETS	57 625 223	37 870 368

(SEK)

EQUITY AND LIABILITIES	12-31-2007	12-31-2006
Equity		
Share capital	10 666 940	8 409 000
Restricted reserves	6 365 949	7 389 589
Unrestricted reserves	33 415 515	22 081 262
Profit/loss for the year	3 224 804	-1 298 321
Total equity	53 673 208	36 581 530
Provisions		
Provisions for deferred tax	0	508 504
Current liabilities		
Trade payables	36 768	381 410
Other liabilities	55 872	200 949
Accruals and deferred income	3 859 375	197 975
	3 952 015	780 334
Total equity and liabilities	57 625 223	37 870 368
Pledged assets		
For own liabilities and provisions		
Floating charges	100 000	100 000
Contingent liabilities		
Future administrative undertakings	6 500 000	None



The share capital in Forwood AB (publ) amounts to SEK 10,666,940, divided into 10,666,940 shares, 1,900,00 of which are A shares (10 votes per share) and 8,766,940 of which are B shares (1 vote per share). At the annual general meeting of shareholders, each person with voting rights may vote for the full number of shares owned or represented by him without any voting restrictions. All shares carry equal entitlement to the Company's assets and profits.

Year	Activity	Increase/ decrease in number of	Increase in share capital	Total share capital	Number of shares	Par value of each share
1986	Establishment of company	500	50 000	50 000	500	100
1997	Bonus issue	500	50 000	100 000	1 000	100
2002	New share issue	3 000	300 000	400 000	4 000	100
2002	New share issue	15 000	1 500 000	1 900 000	19 000	100
2003	New share issue	2 200	220 000	2 120 000	21 200	100
2003	Split 100:1	2 98 800	0	2 120 000	2 120 000	1
2004	New share issue	520 000	520 000	2 640 000	2 640 000	1
2004	New share issue	396 000	396 000	3 036 000	3 036 000	1
2006	New share issue	1 300 000	1 300 000	4 336 000	4 336 000	1
2006	Equity issue	1 600 000	1 600 000	5 936 000	5 936 000	1
2006	New share issue	1 436 000	1 436 000	7 372 000	7 372 000	1
2006	New share issue	25 000	25 000	7 397 000	7 397 000	1
2006	New share issue ¹⁾	172 000	172 000	7 569 000	7 569 000	1
2006	New share issue ¹⁾	916 000	916 000	8 485 000	8 485 000	1
2007	New share issue	700 000	700 000	9 185 000	9 185 000	1
2007	New share issue	416 520	416 520	9 601 520	9 601 520	1
2007	New share issue	996 000	996 000	10 597 520	10 597 520	1
2007	New share issue	69 420	69 420	10 666 940	10 666 940	1

¹⁾ These share issues were implemented in 2006, but not registered until 2007. Total increase in share capital was SEK 1,088,000.

Ownership structure of Forwood AB (2008-12-01)

Shareholder	A shares	B shares	Total
C.G Bothén AB	500 000	451 900	951 900
Lucrum Foundation	544 000	382 821	926 821
Timo Lehtonen	576 000	-	576 000
Curt Strand	80 000	460 658	540 658
Teak Invest Svenska AB	-	409 000	409 000
Runmarker Fastighets AB	-	400 000	400 000
Lehtonen Konsult AB	-	325 000	325 000
Docka Ltd.	-	233 520	233 520
Hedmans Partiaffär AB	-	232 260	232 260
N Wallgren AB	200 000	16 640	216 640
Other (506 st.)	-	5 855 141	5 855 141
Total	1 900 000	8 766 940	10 666 940

In Brief

PURCHASING PROCEDURE

By completing the subscription agreement at the end of this prospectus and returning it to one of Forwood's sales offices, you are registering your interest in becoming a participant in the project. After the subscription agreement is approved by Forwood, you will receive an allotment certificate with payment instructions. When full payment has been received by Forwood, an ownership certificate will be sent, followed by documentation on the lease agreement.

A 30-day right of withdrawal applies to all subscriptions.

SALE OF TIMBER

Forwood is responsible for sales. When the sale has been completed, investors receive a return in proportion to the amount invested in the project.

The amount paid is net after deduction of felling costs and a 3-percent administrative charge applied by Forwood. Participants in the project entrust Forwood with sole responsibility for conducting all negotiations in the sales process. The Company is responsible for identifying and recommending the buyer who will give the investor the highest net return. Forwood will mainly sell roundwood, but may also process all or some of the stock to enhance the investor's return.

It is also possible to sell the timber as standing timber. This can be done before the end of the forecast 20-year rotation period. If Forwood identifies a buyer who is willing to pay an attractive price for the standing timber before the planned felling, Forwood will present the proposition to the project investors who will then make a decision on the project's future.

Forwood deducts 3 percent from the gross income to cover administration and selling costs associated with commercial thinning and felling. This charge is paid to the Company concurrently with the payment to investors. Forwood does not make any assessments or forecasts regarding selling and final felling costs. Returns from felling teak plantations are tax-exempt in Panama.

RETURN

The projects are affected by a large number of factors which make it impossible to know with any degree of certainty what the return will be. A forest investment is often perceived as a long-term investment. Forwood prefers not to make estimates of what the return will be in 20 years' time, as these can only be speculative.

Forwood recommends that all investors consult their financial advisors to consider whether the investment suits their financial situation.

Factors affecting the return

PRICE OF PLANTATION TEAK

The price which can be obtained per cubic metre of teak wood. At present there is no uniform price determination for plantation or natural forest teak. The absence of a standard quality grading system makes it difficult to reasonably forecast the price that will apply on felling. Forwood practises good management to ensure quality trunks are produced.

TEAK PRICE DEVELOPMENT

How the price per cubic metre for plantation teak develops up to felling. Existing forecasts differ too much to be reliable. However, Forwood expects demand and price to continue to develop very well.

BONITET

Site quality - the project's annual hectare growth in cubic metres. Development varies from project to project. Forwood estimates that the project's bonitet will be 15.

DIMENSIONS AND QUALITY

The diameter and quality of the timber suitable for felling. To optimise the dimensions and quality, only rigorously selected plants are used for planting. The stock is regularly pruned, and is thinned on at least three occasions during the rotation period.

COSTS

Costs associated with management, commercial thinning and felling. Forwood has solid experience in cost control and endeavours to be as cost-effective as possible in every area. Forwood undertakes to provide good management throughout the duration of Teak Project 2009. The investor will not have to make any additional outlay during the period of investment. However, Forwood will deduct 3 percent from the profit as an administration fee to cover thinning and final felling.

INFLATION

Inflation can affect project costs. Panama has had a low level of inflation for several years. A certain increase is expected, although the inflation risk is still considered low. Forwood's financial strength leaves us well equipped to cope with increases in inflation.

NUMBER AND QUALITY OF COMMERCIAL THINNINGS

Two commercial thinnings are expected to be carried out during the project's rotation period. As the quantity of timber from thinning depends on the the plantation's development and its price may be affected by factors mentioned above, Forwood is unable to guarantee levels of income from commercial thinning.

ROTATION PERIOD

The project's duration. Forwood estimates that final felling will take place 18 to 20 years after initial planting. The agreement covers 20 years in order to ensure the felling and sales processes are completed within the time frame of the agreement.

Getting to grips with the terminology

TEAKUNIT®

Investment unit covering planting of 111 plants/trees. Price USD 3,700, which the investor pays using one of the payment options following Forwood's approval of the subscription agreement.

SUBSCRIPTION AGREEMENT

Agreement signed by both parties regulating the scope of the investment and the parties' obligations and responsibilities. The contractual counterparty is the investment company Forwood Management Group S.A.

LAND LEASE

Included in the investment and valid during the plantation's rotation period.

MANAGEMENT

The manager in-charge is Forwood Forestry Panama S.A. Management also includes non-commercial thinning, which takes place when the trunks are young and the quantity of timber is virtually non-existent.

RESPONSIBILITY

The contractual counterparty for the investment is the Panamanian company Forwood Management Group S.A., (FMG). FMG is a wholly-owned subsidiary of the Swedish company Forwood AB (publ.) with approx. 500 shareholders and its registered office in Gothenburg in Sweden. As contractual counterparty, Forwood Management Group S.A. is ultimately responsible for ensuring optimum management of the project. These measures and areas of responsibility are specified in more detail in the General Terms & Conditions on page 42.

Forwood AB was established in 1986. The Company invests in forest property and engages in forest-related operations in countries where property is considered attractively priced. The manager in-charge prepares an annual status report for each project. Each project is also assessed by an independent forestry consultant every five years.

COMMERCIAL THINNING

Takes place when the felled timber can command a price on the market. Costs associated with commercial thinning are deducted from gross income.

REPORTING

Investors receive Forwood's newsletters and annual reports on the status of Teak Project 2009. In addition, a status report is compiled by an independent forestry consultant every five years.

FELLING

Costs associated with felling are deducted from gross income on final felling.

Similarly, Forwood Management Group S.A. is responsible for ensuring planting, thinning, felling and sales are conducted in accordance with the ethical management expected by project investors and in such a way as to generate a good return. The company is also responsible for proactively minimising various risks associated with the project.

Another important responsibility is the provision of information to all investors in the project. This information is normally provided electronically in the form of newsletters and plantation reports by Forwood AB or one of its representatives.

FINANCING

There is an option to make monthly savings by dividing the purchase price into monthly, quarterly, or half-yearly interest-free instalments over a maximum period of one year.

OTHER FINANCING

For investments of 100 TeakUnits or more, we are willing to discuss alternative financing solutions.

LAND LEASE AGREEMENT

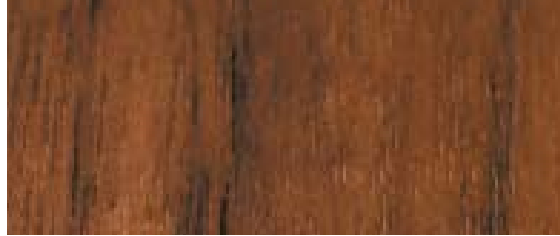
All land covered by Teak Project 2009 is owned by the Forwood Group's land and management company Forwood Forestry Panama S.A. All investors receive a lease agreement providing them with a guarantee that the land will be kept available for the project throughout the rotation period. This lease agreement is registered in Panama's public real estate register, Registro Publico, and ensures that the land is not pledged as security or disposed of to the prejudice of the investor.

A FIRST-HAND VIEW

Forwood is committed to transparency and welcomes investors to visit the project and enjoy a guided tour provided by our Spanish/English-speaking staff. Investors are free to make their own travel arrangements or join one of our organised investor tours. In addition, if investors have any questions, they can always contact one of our sales offices. Forwood also distributes a quarterly general newsletter to our shareholders and investors. All investors also receive an annual report with a status description and a short summary of implemented and planned activities.



Investment subscription



To invest in Teak Project 2009, please complete the enclosed subscription agreement form and return it (the original) to one of Forwood's sales offices.

Forwood examines all applications and reserves the right to decline any application. If the subscription agreement is approved, the investor receives confirmation of his allotment together with payment instructions.

When payment is received, the investor is sent confirmation of his holding in Teak Project 2009. No later than 6 months thereafter, the investor will receive confirmation of his land lease, which is valid for the duration of the investment.



SUBSCRIPTION AGREEMENT

I HEREWITH SUBSCRIBE FOR THE PURCHASE OF

_____ TeakUnits at 3 700 USD.

_____ USD totalt

One TeakUnit corresponds to 111 teak plants/trees planted

Payment advice by e-mail

One-off payment (no administrative fee)

Payment advice by post

Interest-free instalments, biannual

(administrative fee of USD 6 applies)

Interest-free instalments, quarterly

Interest-free instalments, monthly

by Forwood Management Group S.A. Following receipt of the subscription agreement, Forwood AB will forward the customer details payment information. Payment must be made using one of the payment options shown above. Please place a cross in the box next to your preferred method. As the number of TeakUnits is limited, allotment to customers will be in the order in which the signed subscription agreements are received by Forwood AB.

The customer is bound by this subscription agreement, as stipulated in the agreement terms & conditions overleaf. Forwood Management Group S.A. is, provided the customer has made full payment in the prescribed way and on the prescribed date and the available units are not fully subscribed, bound by the agreement with the customer in accordance with the terms & conditions overleaf.

Name, first name and surname, or name of company

Personal ID no./Company reg. no.

Street address/Box

Post code and postal town

Country (if outside Sweden)

Telephone number (including area code)

Mobile number

Nationality (if not Swedish)

E-mail

CUSTOMER'S SIGNATURE

I certify that the information above is correct and complete. I have read and understood what is printed above and the agreement terms & conditions overleaf and accept them herewith.

City and date

Signature

Please print name

Subscription for a minor must contain the guardian's signature.

City and date

Signature

Please print name

SIGNATURE FORWOOD MANAGEMENT GROUP S.A.

Signature of responsible representative of Forwood Management Group S.A.

City and date

Signature

Please print name

FOR INTERNAL USE

1

2

3

4





EDITOR-IN-CHIEF

Forwood AB
Erik Dahlbergsgatan 11B
SE-411 26 Gothenburg
Sweden

Tel: +46 (0)31 107100
Fax: +46 (0)31 107109
sales@forwood.com
www.forwood.com

This prospectus has been prepared with the utmost care, and every effort has been made to ensure the information contained in it is correct. However, errors cannot be completely ruled out. We would advise the reader that a number of factors may change the forecasts and expectations which appear in the prospectus.

