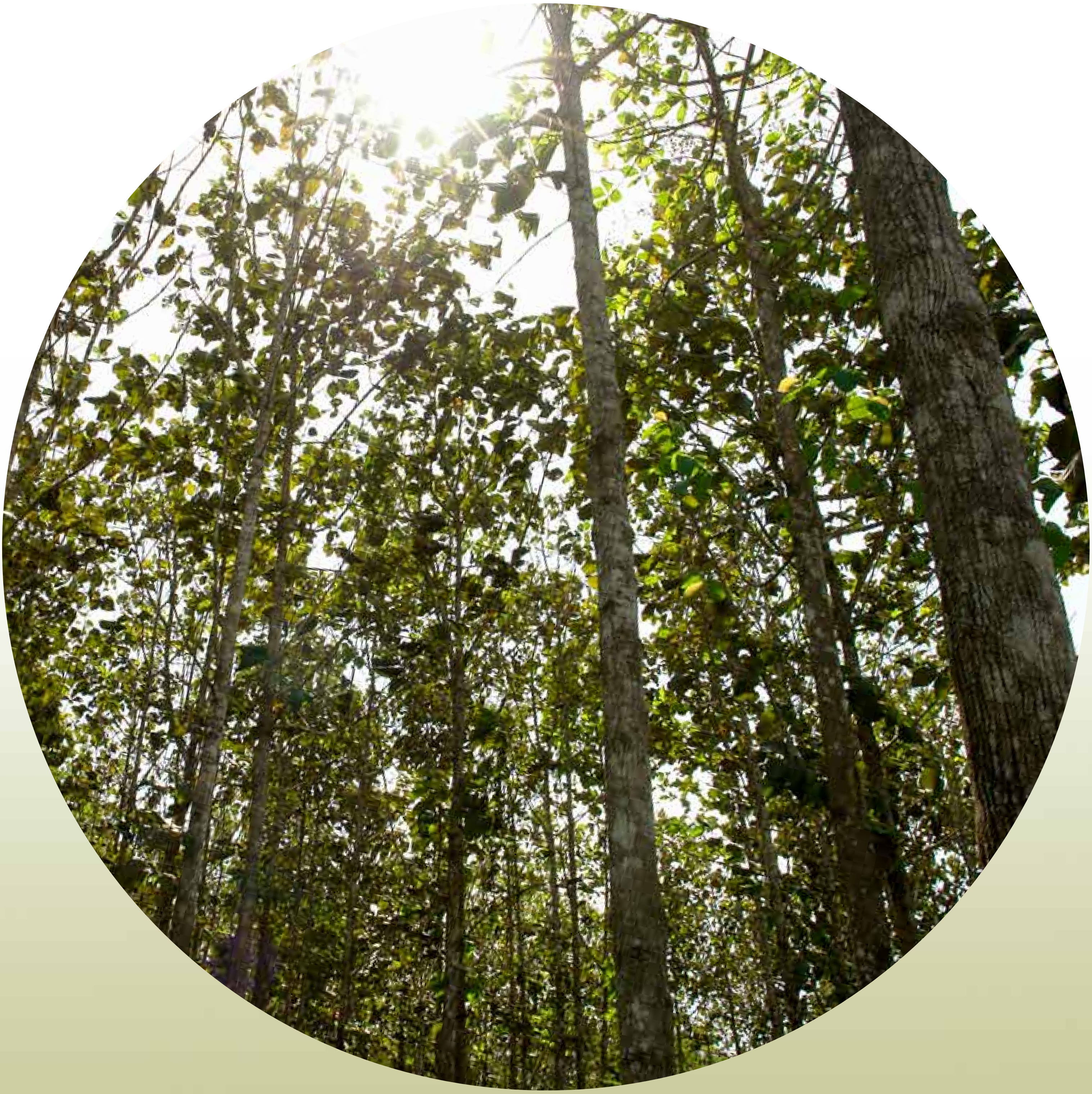
FORWOOD



2012

Annual Report and Consolidated Financial Statements

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Forwood in brief

Forwood AB is a Swedish company which has owned and managed forest assets in Panama since 2000.

It has more than 1,100 hectares of planted area, of a total area in excess of 1,700 hectares. The company has elected to focus on high-value teak, a wood variety with a short rotation period and a high timber value. The company is now an established player with extensive operations in two regions in Panama and a total of 18 different planting areas.

Forwood is certified by the Forest Stewardship Council (FSC), which means that Forwood is constantly working to ensure that its operations help to bring about positive, long-term environmental and social development both locally and globally.

The company's plantations are in strategic locations in Panama, where access to good infrastructure and nearby ports permits direct sales to stakeholders abroad.

The company's B class shares have been listed on the Mangold List since the end of June 2012. This listing has resulted in greater liquidity in the company's shares and in the value of the company being made clearer, and also Forwood is able to benefit from the effects arising from the listing and its close proximity to the capital market.

Forwood is currently owned by more than 1,000 shareholders, of whom the three biggest combined own more than 16 % of shares and approximately 47 % of votes. For further information, please see the Group's website at www.forwood.se

	2012	2011	2010	2009
Change in real value of biological assets**	73,747	2,728	38,112	30,717
Unitholders part of change in real value of biological assets*	-9,253	-3,409	**	**
Other sales	2,369	1,862	34	1435
Net result for the year	48,111	-12,030	26,321	23,925
Biological assets	345,630	291,073	227,480	156,770
Equity	311,108	279,879	244,206	181,263
Total assets	406,418	348,112	264,428	193,266

** Up to 2010, biological assets were reported net after deductions for liabilities to holders of participating interests.*
*** Excluding foreign exchange differences*

YEAR IN BRIEF

Forwood AB has been adding value to acquired and newly established forest properties in Panama since 2000.

2012 has been an eventful year. New forest machinery for both thinning and final felling has been commissioned. The company's own plantations are being thinned at a rapid pace. Major construction and infrastructure projects in the country have led to a shortage of forest workers. Therefore, the new machinery has been important for managing the company's own plantations, while at the same time the demand for felling operations has increased as other players in the market have also experienced a shortage of forest workers.

Growth at the plantations has been good. Inflation is high in both Panama and India, where the buyers are located, and this is why the valuation of biological assets has been adjusted to match the higher inflation rate.

At the same time, the reporting of biological assets has been altered in order to clarify the value of biological assets. Biological assets were previously reported net after deductions for liabilities to holders of participating interests. As of 2012, biological assets will be reported gross on the asset side, and liabilities to holders of participating interests will be reported on the liability side. This has resulted in an increase in the value of biological assets. The figures from the previous year (below) have been converted to the gross value. Equity has been affected to only a marginal extent.

Convertible loans amounting to SEK 22.6 million were taken out at the end of 2012.

During 2013, work on selling and carrying out felling operations will be intensified as this makes a vital contribution to the coverage of Forwood's ongoing operating expenses. Work on finding appropriate plots of land is also continuing, primarily in the Darién Province, so as to further increase the company's planted area.

The value of the biological assets (teak plantations) has increased by SEK 54.6 (7.3) million over the year***. Minus an amended inflation factor and currency differences, biological assets have increased by SEK 34.6 (2.7) million and the Group's profit after tax amounts to SEK 48.1 (-12.0) million.

- Profit for the year amounted to SEK 0.78 (-0.20) per share, or SEK 0.72 per share after full conversion.
- Equity for the Group amounted to SEK 311.1 (279.9) million
- Equity per share amounted to SEK 5.06.
- Long-term liabilities amounted to SEK 91.9 (65.4) million. The increase over the year relates mainly to the taking of convertible loans.
- Cash and cash equivalents as at the balance sheet date amounted to SEK 12.6 (20.8) million.

**** Net of increase in real value according to table above, exchange difference and any purchases or sales.*

Torti-planting

BUSINESS CONCEPT

Forwood invests in forest assets which combine long-term, consistent growth with a considerably higher return than more traditional forest investments.

Forwood owns, manages and cultivates land and teak plantations in Panama, is engaged in international trading in timber and performs planting, felling and management tasks for institutional forest owners in Central America.

Forwood holds environmental accreditation and is a secure, long-term supplier of forest-related products and services thanks to its active environmental efforts.

VISION

Forwood's vision is to:

- Be listed on an established marketplace which is appropriate for the company
- Be the biggest player in its niche in Central America
- Finance its own operations through strong operational cash flow
- Safeguard the environment by sequestering carbon dioxide and creating good living conditions for the local population
- Maintain its FSC and social certification

STRATEGY

Forwood's general strategy is to develop its business by:

- Making annual investments in land and new plantations
- Selling services such as external felling and management tasks
- Trading by buying and selling teak externally
- Controlling most of the value chain itself
- Safeguarding sustainable development of society and the environment
- Creating an organisation with dedicated, knowledgeable employees

All in all, the strategy is expected to mean that over time, Forwood's shareholders will see consistent high returns with relatively low risk.

CHAIRMAN'S STATEMENT

The Forwood business concept is simple and successful. Forwood invests in forest properties and implements forest-related operations in Panama. The company focuses on teak, one of the most expensive wood varieties in the world. It is rewarding to cultivate teak in plantation environments, and it has a relatively short rotation period compared with traditional forests. Investments made to date have resulted in good growth.

Growth at the plantations has been good over the year. As inflation has increased in Panama over the last few years, the valuation of the biological assets has been adjusted to a higher but cautiously assessed rate of inflation. At the same time, the report on the biological assets has been changed in order to clarify the total value of the plantations.

Biological assets were previously reported net after deductions for liabilities to holders of participating interests. As of 2012, biological assets will be reported gross on the asset side, and liabilities to holders of participating interests will be reported on the liability side. This has resulted in an increase in the value of biological assets.

2012 has been a year in which Forwood has focused on getting cash-generating business up and running by selling harvesting and stacking services to external forest owners. SEK 7 million was invested in final felling machinery over the year, and this was commissioned during the fourth quarter of 2012. There is a lot of interest in services of this kind, and four major contracts have been signed over the year, one of which has been completed in the fourth quarter while the others will be executed during the spring of 2013. There is a lot of interest in felling operations as there is a major shortage of forest workers due to major construction and infrastructure projects in Panama. These include extension of the Panama Canal, construction of an underground railway in Panama City, and development of the road network, primarily in rural areas.

Approximately 110 hectares of land was acquired in Colón over the year, of which approximately 6 hectares have been planted during the year, while the remaining area will be planted in 2013. Of late, Forwood has normally been financed by means of priority issues. In 2012, Forwood has instead elected to issue a convertible bond, which brought in SEK 22.6 million.

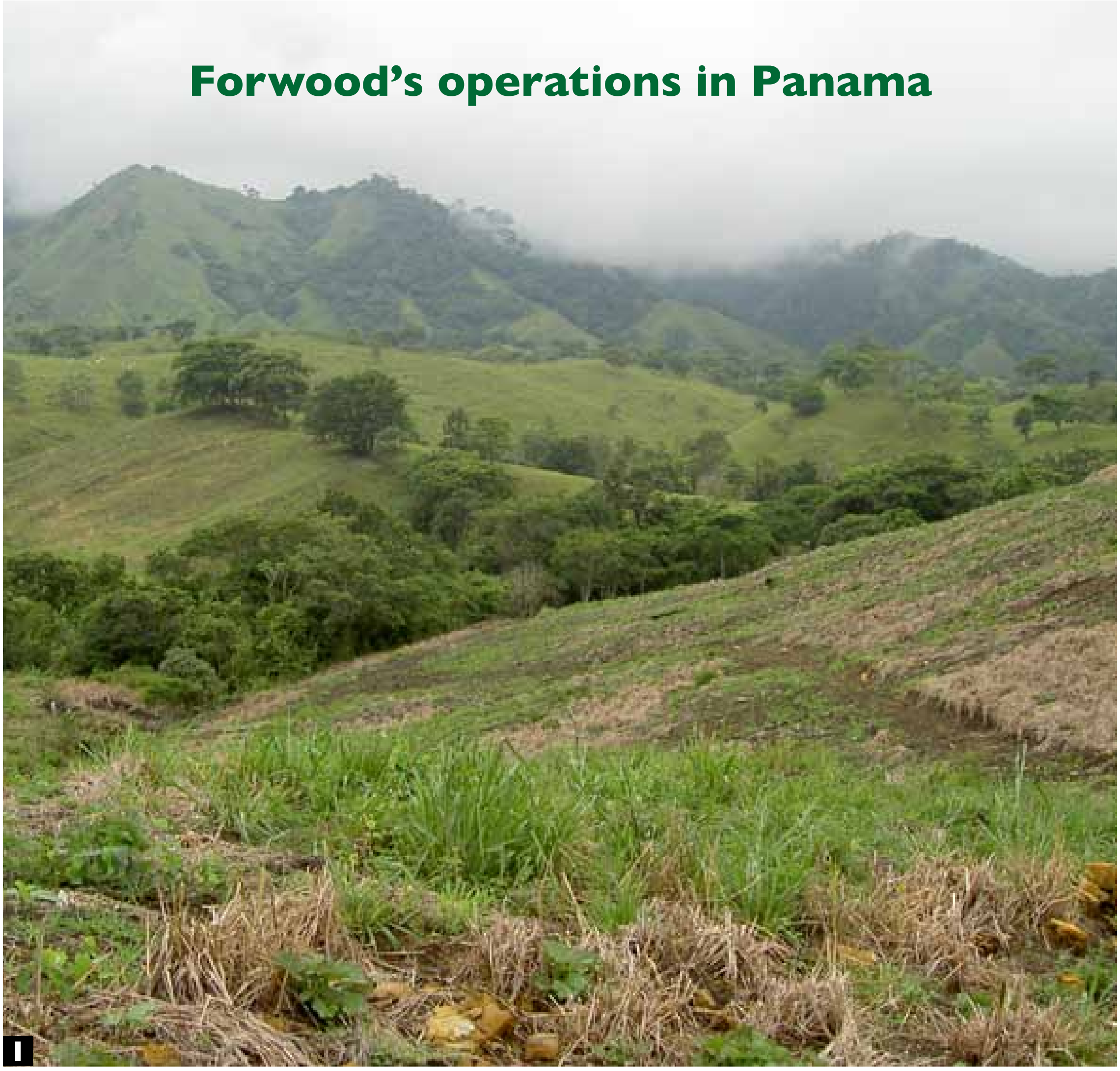
In January 2012, Vimek began using thinning harvesters and forwarders for thinning its own plantations. The harvester has been demonstrated to institutional forest owners in both Panama and Costa Rica, creating a lot of interest. The thinning of its own plantations has continued throughout most of 2012, with certain amounts of downtime during the worst of the rainy season, and will be completed in the summer of 2013. As a mixture of both first and second thinning operations has taken place, only a small amount of the wood exhausted by thinning has been commercial. Agreements concerning the sale of the wood exhausted by thinning and final felling operations have been signed with two Indian purchasers.

Long-term efforts towards listing of Forwood shares in a marketplace appropriate for the company have continued over the year. The accounting principles were altered back in 2010, with a switch to the IFRS accounting standard, and at the end of 2011 work began on affiliation of the shares to Euroclear. This was achieved in March 2012. With this, two fundamental criteria for listing were complete. Forwood shares were listed on the Mangold List in June 2012, permitting shares to be traded via the banking system.

During 2013, work on selling and carrying out felling operations will be intensified as this makes a vital contribution to the coverage of Forwood's ongoing operating expenses. Work on finding appropriate plots of land will continue in 2013, primarily in the Darién Province, so as to further increase the planted area.

Rolf Eriksson,
Chairman

Forwood’s operations in Panama



1

Forwood only establishes plantations on fallow cropland or pastureland.

2

New teak plants on the way.

3

Planting is done in straight lines, referred to as square formation, with three 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.

4

The teak plants (Tectona grandis), which have been developed for six to eight weeks in a nursery, are placed in the soil in pre-bored holes. Forwood plants 1.111 trees per hectare (10.000 m^2).

We measure the diameters of the trees every year so as to get a precise idea of their growth.

Pruning in progress.

11-year teak rotation.

Forwood's forest machinery.

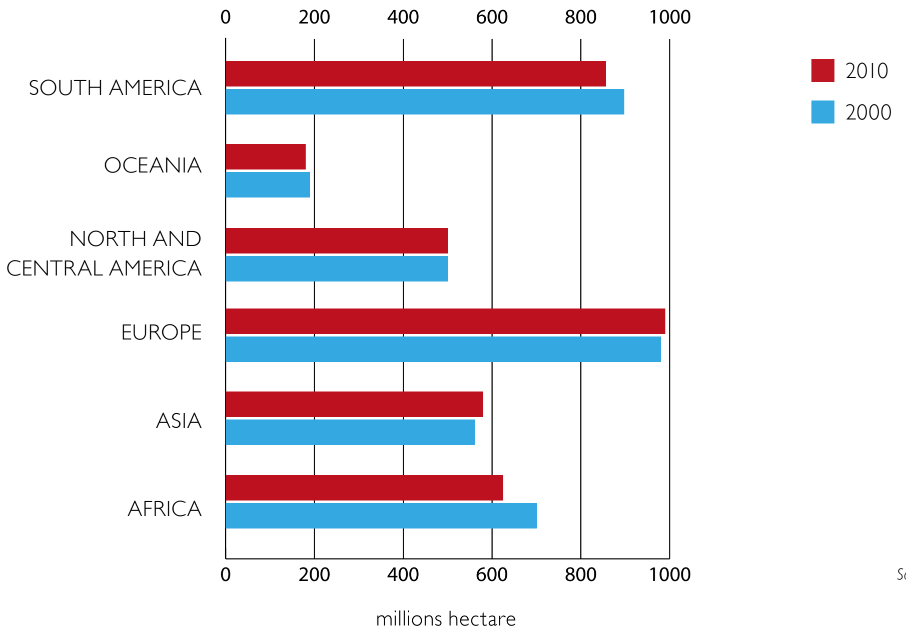
The market

FOREST AREAS ALL OVER THE WORLD

The forests of the world cover about 31 % of the total land area, approximately 4 billion hectares (natural and planted forests), which is equivalent to around 0.6 hectares per inhabitant. More than half of the total forest area is accounted for by the Russian Federation, Brazil, Canada, the USA and China.

The degree of deforestation has fallen over the last decade, but it remains high. The biggest problem is the conversion of natural forests to agricultural land. On the other hand, planted forests have an important part to play in the reduction of the net loss of global forests.

Africa and South America are seeing the greatest net loss of forests, followed by Oceania. It is estimated that North and Central America are seeing the same losses in 2010 as in 2000. Europe continued to expand, and Asia reported an increase due to the large-scale planting of forests in China. The areas of planted forest are increasing, representing approximately 7 % of the total forest area, while the other 36 % are primary forests and 57 % are rejuvenated natural forests.



Source: FAO

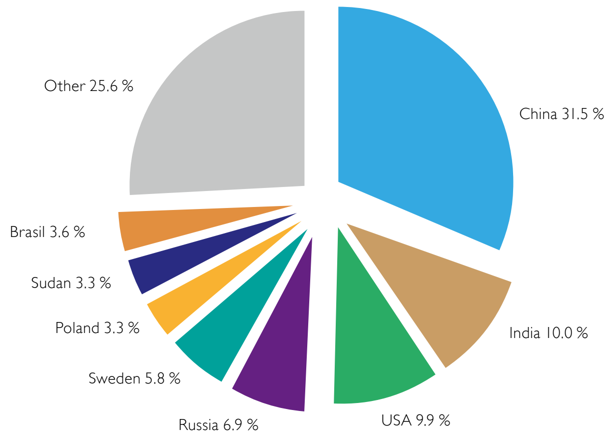
THE TIMBER MARKET

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 ITTO exported approximately 11.7 million m^3 of logs, worth almost USD 1.5 billion.

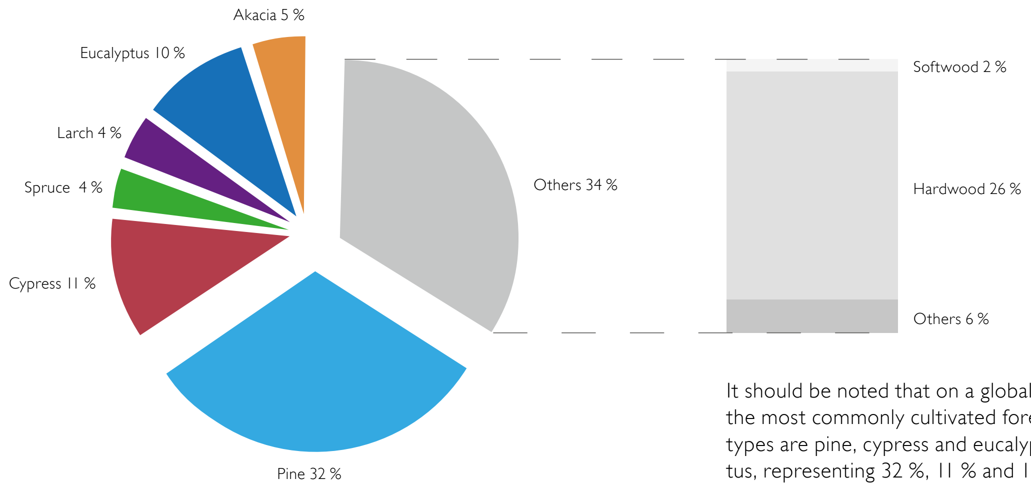
Commercial forest worldwide by country:

Country	Millions Hectare
China	54.1
India	17.1
USA	17.1
Russia	11.9
Sweden	10
Poland	5.6
Sudan	5.7
Brasil	6.1
Others	44
Total	**171.5**



Source: FAO

Composition of commercial forest area worldwide:



Source: FAO

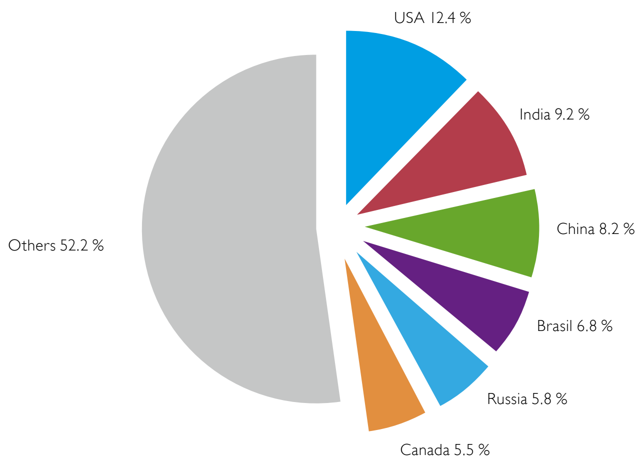
It should be noted that on a global level, the most commonly cultivated forest types are pine, cypress and eucalyptus, representing 32 %, 11 % and 10 % respectively of the world's commercial forest area.

WORLD LOG PRODUCTION

World log production for commercial purposes reached approximately 3,589 million m³ in 2008. The six biggest producers (the USA, India, China, Brazil, Russia and Canada) account for 47.8 % of the total.

Country	Production (,000m³)
USA	444,003
India	330,210
China	294,402
Brasil	244,962
Russia	207,000
Canada	195,907
Others	1,872,980
Total	**3,589,464**

Summary: production of logs for industrial purposes, by country:



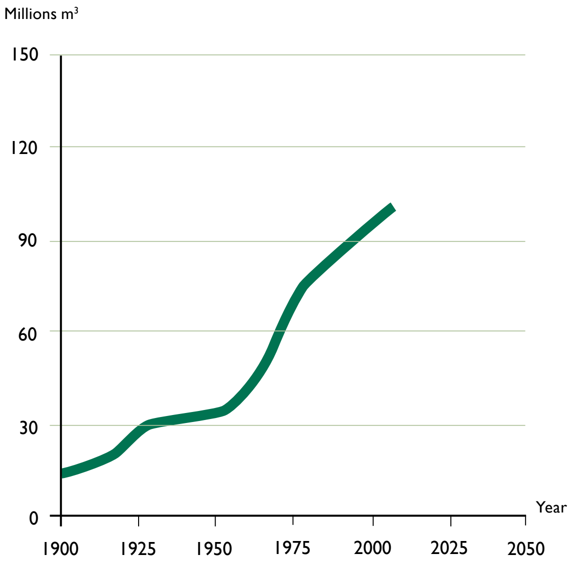
Source: FAO

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.

Demand Hardwood, million m³:



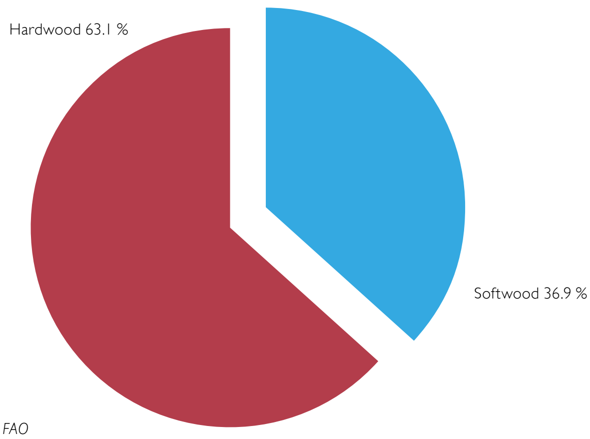
Source: UN agency FAO

ITTO (International Tropical Timber Organization) is an independent organization that promotes the conservation and long-term management, use and trade of tropical forest resources. The members represent 80 percent of the world's tropical forests and 90 percent of the global trade in tropical timber.

TEAK MARKET

There is no collective reporting on cultivated teak prices or trading, as there is no 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, 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 decided to reduce its exports and cultivate larger quantities of teak in the country.

The world production of timber for industrial purposes based on wood type:



Source: FAO

Environment

Forests and forest resources are regularly the subject of extensive climate and environmental surveys. Approximately 30 percept of the earth's land surface is covered by forests, 26 percept 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 are significant and will affect us all. As a forest company, Forwood is very aware of the responsibility it bears for looking after these resources. In its opinion, being able to reduce the pressure on natural forests thanks to its teak plantations is a good opportunity. To do this as effectively as possible, Forwood has had all its plantations certified in accordance with the guidelines of the Forest Stewardship Council (FSC) – see below.

Besides environmental and social undertakings, this allows sales to be made at higher price levels than non-certified competitors can charge. This competitive advantage is also increasing as more and more countries are stepping up their regulation of natural forest teak trading.

Global teak – report for 2012

A new global resource and market assessment of teak in 60 tropical countries, carried out by the Food and Agriculture Organization of the United Nations, or FAO, shows that natural teak forest is becoming less widespread in the world and that the quality of natural teak is deteriorating.

The report published in 2012 also showed that planted teak forests are on the increase and can lead to production of high teak quality in the field when good management is applied. According to a survey carried out by the FAO, natural teak forest declined by 385,000 hectares globally, or 1.3 %, between 1992 and 2010. "Significant declines have been particularly noticeable in Laos (reduction of 68,500 hectares) and India (reduction of 2.1 million hectares), as well as Myanmar (reduction of 1.1 million hectares). The FAO says that even though there is no up-to-the-minute information on teak resources at present, details from the survey must be handled with care," says Walter Kollert of the FAO Forestry Department.

It is difficult to find precise data on teak forest losses as teak trees do not grow in pure stands in nature. Natural teak forest includes mixed broad-leaved trees or tropical forests with between 4 % and 35 % teak. However, Kollert adds that in report, the recovery of natural teak forests is ascribed to Thailand, which prohibited felling entirely in 1989. The FAO's report also states that this may have contributed to a recovery of natural teak forest, which is reported to have increased by 2.9 million hectares. Teak is one of the most important, most valuable varieties of wood in the world, and planted teak forests have brought in major private investments in Africa, Asia and Latin America. As a result, the FAO states that planted teak areas have increased in Africa (Benin, Ghana, Nigeria, Tanzania), Central America (Costa Rica, El Salvador, Guatemala, Nicaragua, Panama), South America (Ecuador, Brazil) and Asia (India, Indonesia, Burma, Laos), even though it takes a relatively long time for the trees to reach the dimensions at which they can be harvested, 20 to 80 years on average.

It may be anticipated in future that the continued production of teak from natural forests will be restricted still further due to deforestation and legislation, according to Kollert. Asia has more than 90 % of the world's teak resources, and India manages 38 % of the world's planted teak forests.

The FAO has shown that eleven out of fourteen countries report that India is their biggest market and is responsible for 70 to 100 % of teak exports of logs and sawn timber products from plantations in Africa and Latin America.

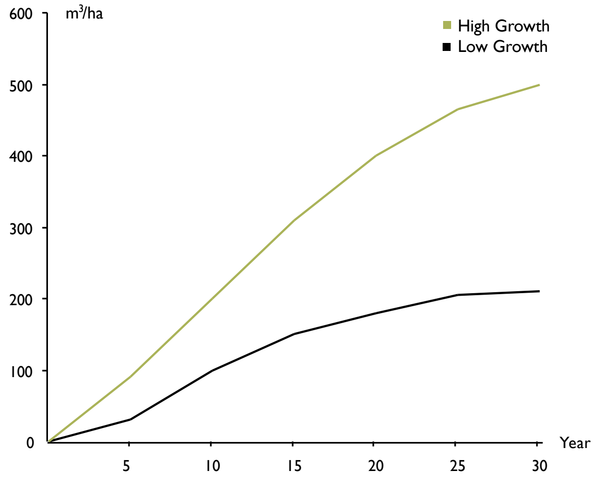
Source: Ghanabusinessnews.com

Teak

Tectona grandis, which is the most common, Tectona hamiltoniana, which is a local endemic species confined to Burma (Myanmar), and Tectona philip-pinensis, 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.

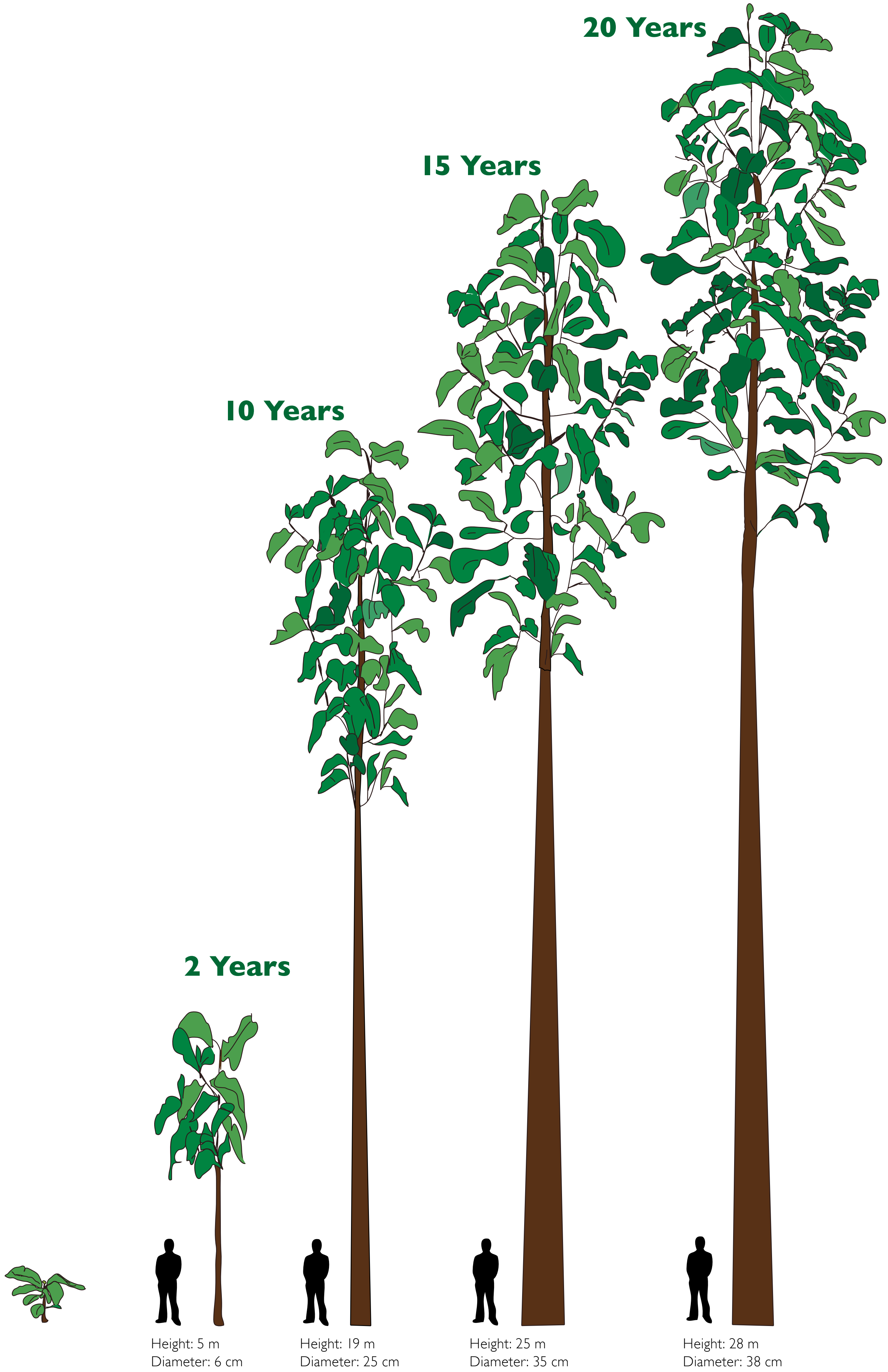
The shape and size vary according to local conditions and the age of the tree. In favourable conditions, they can reach a height of 40-45 m. The clear bole may reach a height of 25-27 m, although 9-11 m is more usual. Diameter values can reach 240 cm, although 35-80 cm is the norm.

Growth potential for plantation teak:



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

Forwood's assessment is that growth at our own plantations is somewhere between the two curves.

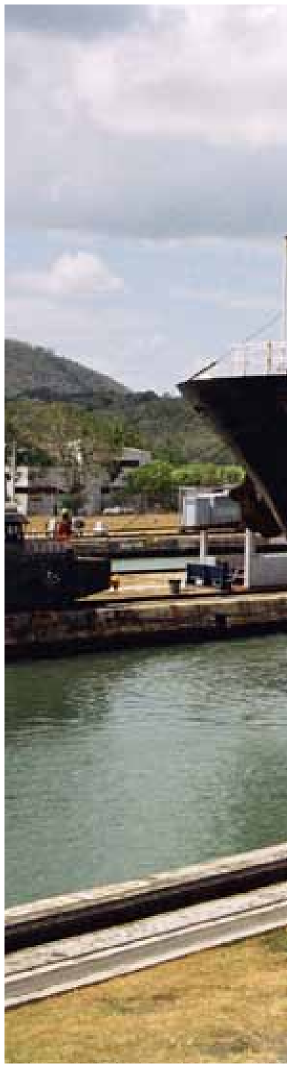

20 Years
15 Years
10 Years
2 Years
Height: 5 m
Diameter: 6 cm
Height: 19 m
Diameter: 25 cm
Height: 25 m
Diameter: 35 cm
Height: 28 m
Diameter: 38 cm

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.

The economy of Panama has grown by 8 % per year on average between 2005 and 2010. 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 Colón 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.

A large number of Swedish companies are represented in Panama. These include ABB, Ericsson, Tetra Pak and Volvo Construction Equipment. In early 2008, Sweden and Panama signed a bilateral investment protection agreement, aimed at giving Swedish investors in the country increased legal protection. Sweden has an honorary consulate general in Panama City.



BASIC FACTS PANAMA

Population:	3.6 million	GDP:	26.8 billion USD
Government:	Republik	GDP growth:	10.6 % (2011)
Capital:	Panama City	GDP/capita:	7,470 USD (2011)
Currency:	USD	Inflation:	5.8 % (2011)
President:	Ricardo Martinelli	Unemployment:	2.9 % (2011)

Source: The World Bank

In addition to its extensive natural forest, Panama has approximately 57,200 hectares of planted forest, which increases by approximately 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 Darién provinces, to the east of Panama City.

The Darién province covers an area of 16,671 km^2, making it the largest in Panama. The area is sparsely populated, with only 40.000 or so inhabitants. Darién is known for its good soil and is considered one of the world's last green bastions of untouched tropical nature. The Darién 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 Darién.

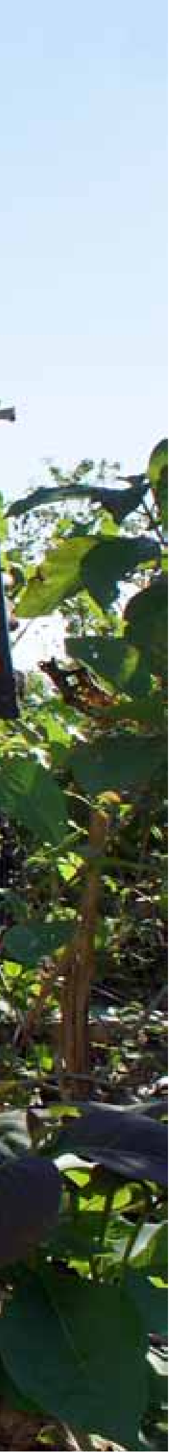
The area's fantastic biological diversity has resulted in it being designated a World Biosphere Reserve and Natural World Heritage Site by UNESCO.

External assignments; final felling in Chillibre

The value chain

The primary processes in the Forwood value chain are land planning, planting, management, felling, sales and transportation. Forwood has an organisation with extensive expertise in the industry so as to support and add value to every link in the value chain.

LAND PLANNING → PLANTING → MANAGEMENT → FELLING →



LAND PLANNING

Identifying and acquiring land is an extensive, time-consuming process and so is handled by personnel whose primary task is land acquisition. Their jobs include establishing local networks which can provide early indications of appropriate, affordable land. All land acquisition takes place in consultation with the Company's forest engineers. The management team also has experience of land acquisition from the company's 17 plantation areas in Panama. Combining the company's internal resources with the industry expertise of the management allows land to be located which is particularly appropriate for Forwood's business. Therefore, the company does not just consider lucrative plots of land: it also takes into account issues such as payroll expenses and future transport costs attributable to plots. The Forwood Group takes into account all elements of the value chain when acquiring plots of land.

PLANTING

In principle, the entire plantation is enclosed and monitoring areas and fire breaks are erected. When the planting boundaries have been defined, the soil is turned in order to 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, spaced three metres apart.

Tectona grandis seed is imported from FSC-certified plantations in Costa Rica. 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. Poor selection of seed may lead to the trees failing to develop well. An efficient, ordered purchasing process allows Forwood to minimise risks when purchasing seed for its teak plantations.

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 square metres. Planting is one of the most resource-intensive processes in the entire project. Forwood uses an ordered process to invest time and resources in providing the best possible conditions for problem-free tree growth.

MANAGEMENT

Management is based on a plan individually adapted to the plantation area. Management covers all parts of the planting process in order to ensure optimal development of the plant/tree during the rotation period. Overall, it has been possible to reduce Forwood's costs for management of its forest operations thanks to the organisation's extensive industry experience. Much of the necessary work has been distributed internally within the company. Therefore, Forwood's costs are lower than its competitors, which hire external consultants in the absence of internal industry expertise. Thinning, which takes place up to three times during the life of the trees, also generates income.

FELLING

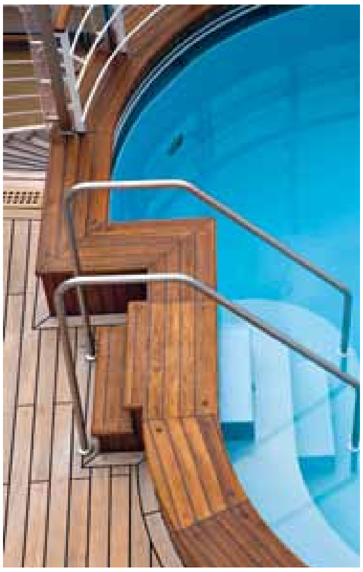
Forwood has access to efficient machinery for felling, so guaranteeing a fast, efficient process. Furthermore, this machinery permits felling to be carried out even during rainy periods: competitors using other types of machine are unable to do this. This work is managed by forest engineers and specialist foremen. Personnel have received training by way of preparation for these kinds of commissions. The company's personnel are very familiar with the plantations and minimise risks arising in connection with felling, such as theft or rough handling. In addition to this, Forwood personnel have a good understanding of the business and internal processes. This makes the process more cost-effective than hiring external expertise.

SALES

Historically, Forwood has sold to wholesalers on the local market in Panama. In turn, these wholesalers have sold the timber on to manufacturers of end products. The wholesalers act as middlemen by buying in smaller quantities of timber and then selling it in larger quantities at higher price levels to manufacturers of end products. Restricted access to an open market for trading in cultivated teak often makes it difficult for smaller players to locate and sell directly to manufacturers of finished products.

TRANSPORTATION

Historically, Forwood's sales have been made locally in Panama. As sales have related to limited volumes to local purchasers, Forwood has not needed to transport its timber over long distances. As Forwood's sales are assumed to increase as its stocks grow, so the transportation of Forwood products will become more important for the company. It is assumed that transportation will be handled by external logistics companies in future, and thus this part of the value chain will fall beyond the scope of Forwood's business. From an export perspective, however, the Panama Canal offers plenty of opportunities for cost-effective access to different parts of the world. This will simplify the process in the event of future sales of major teak volumes and allow cost-effective exports to be made.



CONTRACT WORK

Under 2012 påbörjade Forwood entreIn 2012, Forwood started work on contract work involving final felling for external customers. This part of the business will take on greater importance over the next few years as it will give Forwood an opportunity to increase its income and so reduce the need to bring in additional capital from shareholders in order to guarantee the existing organisation and future investments.

SALES → **TRANS-PORTATION**

Organisation

The Forwood Group comprises the parent company Forwood AB (publ.), with its 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 main business is in Forwood Forestry Panama S.A.

Forwood Production S.A. owns a property with service buildings for timber handling, vehicle storage and storage of consumables.

Forwood Management Group S.A. is a contracting party for the remaining holders of participating interests.

FORWOOD AB

- 100 % — **Forwood Forestry Panama S.A.**
- 100 % — **Forwood Management Group S.A.**
- 100 % — **Forwood Production S.A.**

Forest engineers of Forwood

History

Between 2001 and 2009, capital was acquired by selling participating interests, as well as new share issues. Investors were able to make direct investments in participating interests in a specific plantation in Panama. More than 400 hectares were covered by the participating interest system. In 2010, holders of participating interests were offered the opportunity to swap their holdings for shares, which lead to redemption of almost 50 % of participating interests by Forwood AB.

1986
- Forwood AB is founded.

1986–2000
- Forwood is run as a consultancy, with commissions in the forestry industry.

2000
- Nordic Management Group, which was later acquired by Forwood AB, establishes its first plantation in Panama.

2001
- The first participating interests in forests (known nowadays as TeakUnits) are sold to various investors.

2002
- The Forwood Group is formed.
- Intensive efforts to acquire inexpensive forest properties in Latvia begin via the newly formed subsidiary Forwood Latvia.
- Teak brokerage company Teak Invest Svenska AB is acquired, becoming a wholly-owned subsidiary of the Forwood Group.

2004
- The tenth teak plantation is established.

2005
- Forest holdings in Latvia cover more than 1,000 hectares.
- Forwood's head office in Panama moves into its new office in the Torre Global Bank Building in Panama City.

2006
- Forwood acquires a further almost 1,000 hectares in Latvia
- Forwood AB acquires teak planting company Scandic Forestry, which changes its name to Forwood Forestry Panama SA. Forwood acquires 192 hectares of land in Panama.
- Teak brokerage company Teak Invest Svenska AB is distributed to Forwood's shareholders.

2007
- Forwood AB acquires teak management company Nordic Management Group, which changes its name to Forwood Management Group. This acquisition brought to the Forwood Group knowledge, experienced personnel, equipment and 635 hectares of valuable land.
- The assets in Latvia are sold, with capital gains of SEK 8.3 million.

2008
- After a number of new share issues between 2002 and 2008, there are now more than 500 shareholders in Forwood AB.

2009
- Forwood's three-year listing plan is established.

2010
- The Forwood Group manages more than 1,110 hectares of teak plantations.
- The Forwood Group's land and forest assets exceed SEK 250 million.
- Forwood's 16th plantation is established in September 2010.

2011
- About half of all TeakUnits are redeemed against shares.
- More than 700 shareholders in Forwood AB.

2012
- Forwood shares are listed on the Mangold List.
- Acquisition of 110 hectares of land and establishment of Forwood's 18th teak plantation.
- Investment in final felling harvesters and forwarders.
- Issue of convertible bond.

Environmental work

The Forwood Group's production must be based on the interaction between environment and company and result in improved and long-term conservation of 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 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 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 must comply with principles and criteria issued by the Forest Stewardship Council A.C. [1)] (FSC) for management of its plantations.

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.

Forwood's plantation land consists exclusively of previous fallow cropland and pastureland.

Important site-species suitability studies are conducted before each planting operation.

Forwood checks that water courses and sources are left undisturbed, whether they are temporary or permanent.

To prevent land erosion, the plantation growth density is adapted to let in light and allow establishment of soil vegetation.

Forwood replants indigenous plants in areas which lack vegetation and are part of the protection zones within the properties.

To protect the forests' ecosystems, Forwood always leaves at least 10 % of the total teak plantation as natural forest or with planted indigenous species.

Directors' report

The Board of Directors and President of Forwood AB (publ), company registration number 556271-9228, hereby submit its annual report and its consolidated accounts for the 2012 financial year.

GENERAL

The Forwood Group, with its Swedish parent company Forwood AB (publ.), is now one of the leading players in the production of cultivated teak in Panama.

Forwood's invests mainly in forest assets which combine stable growth with a considerably higher anticipated return than that offered by more traditional forestry investments such as spruce. The company owns and manages, via wholly owned subsidiaries, land and teak plantations in Panama. Timber and wood products are now one of the most important trade groups in the world, and historically demand for forests has increased as the world's population has grown.

Forwood was founded in 1986, and it now manages more than 1.100 hectares of teak plantations and is owned by more than 1.000 shareholders. Reporting to shareholders, investors and stakeholders mainly takes place via the Forwood website. Forwood also arranges annual visits to Panama which include visits to the plantations.

The Forwood Group's business in Panama is run via its subsidiaries: Land and management company Forwood Forestry Panama S.A., investment company Forwood Management Group S.A. and cultivation and timber trading company Forwood Production S.A.

The teak plantations have been FSC-certified since 2004. The FSC (Forest Stewardship Council) safeguards socially and environmentally responsible use of the world's forests. Responsible forestry protects the people who work or live in and near to forests. Forestry must take into account plants, animals and land and water resources. For Forwood, this certification means – among other things – that cultivation only takes place on fallow pastureland, extended benefits for employees at the plantations, more input into municipalities in which Forwood is active, improved environmental work, and in all probability, higher prices for the timber when it is sold.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

PROFIT AND POSITION

The biological assets (the teak plantations) increased over the year by SEK 54.6 (7.3) million. Adjusted for currency effects of SEK -19.8 million, the increase amounted to SEK 73.7 (2.7) million. However, this includes a non-recurring revenue deferral of SEK 39.1 million due to an increased inflation factor in the valuation model. Growth at the plantations has been better than anticipated.

The Group's profit after tax amounted to SEK 48.1 (-12.0) million. Profit for the year amounted to SEK 0.78 (-0.20) per share.

Equity for the Group amounted to SEK 311.1 (279.9) million. Equity per share amounted to SEK 5.1.

Cash and cash equivalents as at the balance sheet date amounted to SEK 12.6 (20.8) million.

INVESTMENTS

In 2012, Forwood has invested SEK 15.7 million, of which SEK 3.3 million was invested in land, SEK 8.6 million in forest machinery and SEK 1.9 million in other vehicles.

FINANCE

A convertible loan amounting to SEK 22.6 million has been taken out for ongoing operations, purchase of machinery and future land acquisitions. 2012 saw the start of thinning operations in the company's own plantations, of which only a small proportion has been commercial timber. Sale of external felling operations began in the autumn of 2012, which is estimated to provide an influx of liquid assets in 2013. It is estimated that this influx, together with existing liquidity, will suffice up to late 2013/early 2014. However, a need for finance will arise if new land acquisitions become necessary.

SHARE ISSUES

A convertible loan totalling SEK 22.6 million was taken out in the autumn of 2012. Conversion to shares may take place towards the end of 2015.

SIGNIFICANT CURRENCY EFFECTS

Forwood's currency transactions between Swedish kronor and American dollars in 2012 have generated a negative result of SEK -4.7 (1.8) million in the parent company.

ANNUAL REVIEW

TSEK	2012	2011	2010	2009
Change in real value of biological assets */**	73,747	2,728	38,112	30,717
Unitholders part of change in real value of biological assets*	-9,253	-3,409	–	–
Other sales	2,369	1,862	34	1,435
Operating expenses	-18,016	-13,127	-11,095	-7,964
Operating results	48,849	-11,946	27,051	24,188
Net results from financial activities	-738	-84	-729	25
Taxes	–	–	–	-288
Result for the year	**48,111**	**-12,030**	**26,321**	**23,924**
Currency differences from translation of foreign operations	-17,979	5,801	-11,605	-8,198
Cash flows for the year	-8,106	14,573	2,082	-4,143
Value biological assets	345,630	291,073	227,480	156,770
Equity	311,108	279,879	244,206	181,263
Total assets	406,418	348,112	264,428	193,266
Number of employees	67	75	74	112

** Up to 2010, biological assets were reported net after deductions for liabilities to holders of participating interests.*
*** Excluding exchange rate differences*

Exchange rate differences of SEK -18 million attributable to translation of foreign business have affected the Group.

EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR

There has been a lot of activity with the contracting assignments since the end of the year. Thinning operations are currently taking place in the Darién area. The convertible bond issue has undergone final registration.

GROUP BUSINESS

Parent company Forwood AB (publ.)
The parent company's business, according to the Articles of Association, involves "owning and managing shares in subsidiaries and properties, and running consultancy operations within the fields of management services and Group management services".

Forwood Forestry Panama S. A.
This company is a wholly owned subsidiary of Forwood AB (publ.), and Forwood's primary business rests with this company. The company currently has more than 1,800 hectares of land, of which more than 1,100 hectares are planted with teak. The properties are located in the districts of Colón, Panama and Darién, Panama. The company's business concept involves acquiring attractive plots of land where teak plantations can be sited. The company has its own management organisation which establishes and manages the teak plantations with an estimated rotation period of 20 years.

The company manages its own teak plantations and looks for attractive plots of land where new teak plantations can be sited. At the same time, the company works with external felling and management assignments. Forwood's forestry business is FSCcertified (Forest Stewardship Council); and new forests are established in accordance with FSC standards and incorporated regularly in the certificate.

Forwood Production S. A.
This company owns a property adjacent to the Inter-American Highway, which runs from Darién in southern Panama to the USA. There are service buildings for timber handling, vehicle servicing and cleaning, as well as for the storage of teak and planting equipment at this property. The company's returns will come from timber trading and timber processing, as well as from the hiring of vehicles for external felling operations.

Forwood Management Group S. A.
This company was acquired in 2007 and has sold more or less all its assets since then. Its properties and organisation have been transferred to Forwood Forestry Panama S.A. The company's primary task is to act as a contracting party for the remaining customers who have invested directly in teak trees.

ENVIRONMENTAL IMPACT

The Group's Swedish parent company does not conduct notifiable operations or operations requiring permits in accordance with the Environmental Code. Of the foreign subsidiaries, two companies run operations requiring permits or notification to the local authorities. None of the Group's companies is involved in any environment-related disputes. Forwood's forestry business is FSCcertified (Forest Stewardship Council); and new forests are established in accordance with FSC standards and incorporated regularly in the certificate. The FSC inspection body, SGS, carries out periodic inspections of the business and certification is renewed annually.

PROSPECTS FOR 2013

The future prospects for Forwood AB (publ.) are good. On the one hand, there is greater awareness of climate change among people in general, and on the other a massive increase in demand for teak from a middle class in India and South-East Asia which is becoming more and more consumption-led. Calculations carried out indicate that the middle class in India, the world's biggest import country for teak, will increase from 250 million people over the next 20 years to over 600 million. This group of people has plenty of buying power and is of the opinion that floors, walls or ceilings made of teak are the finest things they can have in their homes.

The ever-increasing demand for good land in Panama means that property prices will increase over the next few years. In the slightly longer term, we are likely to see an adjustment to the considerably higher land prices in the neighbouring country of Costa Rica, which is a positive aspect for Forwood's existing property. This price increase will make greater demands on the company's ability to finance land acquisitions, but a certain amount of relief is being experienced at present thanks to the stronger Swedish krona.

Forwood adopts the long-term view in all respects. Surveys and strategic work involving planning for the future are carried out regularly. An in-depth survey of the Indian market was carried out over a period of four months a few years ago, and the Australian teak plantation market was surveyed previously in cooperation with the Swedish Trade Council in Sydney. The markets in Costa Rica, Colombia, Ecuador and Honduras have also been surveyed, providing Forwood with greater knowledge of the international teak market. Increased interest in the company and its business will attract more private investors, but also institutional investors in future. It is therefore important for Forwood to improve at finding and acquiring good plots of land for establishment of future forests and, at the same time, to improve its establishment and management organisation, which will result in lower management costs overall per managed hectare.

Financing of the company's operations is one of the key issues, which is why in late 2012 Forwood began selling felling services to external forest owners. This work will continue in 2013, with a view to building up a contract business within a few years which will generate a cash flow which will cover the ongoing operating expenses for our business.

PROPOSAL FOR ALLOCATION OF PROFIT

The Board proposes that unappropriated earnings in the parent company (SEK thousands):

Unappropriated earnings in Parent company	
Share premium	81,394
Loss brought forward	-6,703
Loss for the year	-6,674
	68,017

Should be distrubuted as follows	
Retained earnings carried forward	68,017

RISK MANAGEMENT

All business operations involve risk. Creating awareness of the risks of the business allows these to be restricted, controlled and managed while at the same time allowing business opportunities to be exploited with a view to increasing earnings.

Forwood AB (publ.) is constantly exposed to financial risks due to its international, capital-intensive operations. Currency risks and liquidity and finance risks are deemed to be its primary risks.

RISKS WITH REGARD TO MARKET AND OPERATIONS

Risks related to forest properties

Forwood faces the risk of reduction of its supply of appropriate forest properties or an increase in demand, which would result in price increases and reduce the Group's chances of meeting its sales targets. This is why the company works actively on guaranteeing future acquisition opportunities.

Management risks

Forwood's business is characterised by the fact that considerable income is generated from the sale of Panama-cultivated teak, which can be sold only once the trees have reached an age of about 20 years. The company bears the primary risks and expenses for this business and receives significant income only at a later date. Forest development projects sometimes encounter problems with long-term investments, such as a shortage of experience of land preparation, damaged biological assets, higher costs than calculated, unexpected impairment of the quality of the cultivated teak, or delays in the growth phase of the trees. Many of these risks are attributable to factors which the company is unable to influence directly. These risks are typical to the forestry industry and exist despite careful planning and sensible measures. Forwood's business may be adversely affected if any of these risks becomes reality. This may have significant effects on Forwood's financial situation and profit development.

Insurance risks

The company has the usual corporate insurance policies, but it has not taken out any insurance for the biological assets in Panama. Thus the company has no insurance to cover the risks until the cultivated teak is handed over for transportation. If the cultivated teak is damaged or destroyed, the company's profits will be adversely affected.

Market risks

It is not possible at present to make a precise estimate of the sale price of cultivated teak at the time of felling. Price development is largely dependent on development on the world market, and both positive and negative development are possible. Nor is it possible, as things stand at present, to predict future trends in the demand for cultivated teak. The management is unable to guarantee an increase in the demand for teak. The quality of teak at the time of felling will not necessarily be in line with what the market is demanding at that time. Such developments would have an adverse impact on the sale price and hence also on Forwood's business and the company's profits and financial situation.

Risks on acquisition of assets

Risks may arise when acquiring assets and land; such as incorrect valuations, incorrect inspections and legal disputes. The market price of land in Panama may vary, and an acquisition at too high a cost may have an adverse effect on the company's profits, as may land which is not of the correct quality.

Natural risks

Establishment of things such as roads, teak resources, forest machinery and other assets is subject to a range of external risks. Of these risks, drought, strong winds, diseases, insects, earthquakes, fire, lightning strike, theft and climate change are the most obvious. The above factors may lead to losses of biological assets, limited opportunities for transportation of reduction in demand for Forwood's products in general. The above factors may help to adversely affect Forwood's profits and financial situation.

FINANCIAL RISKS

Currency risks

Forwood AB's business is currently run in Panama for the most part, where the company's investments in plantations and land are located. Purchases and payments in Panama are made in USD. When timber from thinning and final felling is sold in future, the company is of the opinion that this will mainly take place in the Indian market and that trading will take place in USD. The parent company, Forwood AB, is registered in Sweden and its functional currency is SEK. Forwood is and will remain exposed to USD as its investments, purchases and sales are made in USD. Insofar as currency risk is not hedged, exchange rate fluctuations may affect the company's profits and financial position.

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RISK MANAGEMENT

Liquidity risks

The business is capital-intensive in that major investments have to be made over a long period of time before felling can begin. The management's ability to hedge future capital and plan liquidity is significant. In the short term, the Group is financed by means of existing cash and cash equivalents. If the need for operating capital cannot be hedged, the company's financial position will be adversely affected.

OPERATIONAL RISKS

Forest asset calculations are very complex. These calculations are also based on estimates of factors such as growth rate, the development of timber prices and cost development. There are risks of errors being made in calculations or of estimates failing to match actual outcome. To reduce these risks, it is important to have knowledgeable, experienced personnel involved in surveys, responsible forest engineers, local administrative personnel and a central controlling function. The more times the calculations are made, the more secure the models will become and the more supporting statistics will be available.

LEGAL RISKS

Forwood is affected by tax risks attributable to possible changes in tax legislation in Panama. Such instances may adversely affect the company's financial position. The parent company and subsidiaries may all be subject to examination by the tax authorities. Therefore, there are potential risks in that the tax authority's interpretation of relevant legal text may differ from Forwood's own internal interpretation.

Consolidated statement of comprehensive income

Amounts in TSEK	Note	2012	2011
Revenue	5	2,307	1,516
Change in real value of biological assets	2, 15	73,747	2,728
Unitholders part of change in real value of biological assets		-9,253	-3,409
Other income		62	346
		66,863	**1,181**
Operating expenses			
Cost of sales		-658	–
Other external costs	7	-9,386	-7,677
Personal costs	6	-6,006	-4,463
Depreciation of tangible assets	2, 8	-1,710	-987
Other operating expenses		-255	–
Operating result		**48,848**	**-11,946**
Result from financial investments			
Other interest income and simular items	10	143	233
Interest expenses and simular items	11	-880	-317
Result after financial items		**48,111**	**-12,030**
Tax on profit for the year	12	–	–
Net result for the year		**48,111**	**-12,030**
Basic earnings per share, SEK		**0.78**	**-0.20**
Diluted earnings per share, SEK		**0.72**	**-0.20**
Other comprehensive income:			
Currency differences from translation of foreign operations		**-17,978**	5,546
Total other comprehensive income of the year		**-17,978**	**5,546**
Total comprehensive income of the year		**30,133**	**-6,484**

Consolidated balance sheet

Assets	Note	Dec 31, 2012	Dec 31, 2011	Jan 1, 2011
Non-current assets				
Intangible assets				
Goodwill		851	851	851
Tangible assets				
Land and buildings	13	26,860	23,788	23,281
Machinery and equipment	14	16,520	8,226	3,725
Total tangible assets		**43,380**	**32,014**	**27,006**
Biological assets	15	345,630	291,073	283,761
Financial assets				
Other long-term receivables	19	83	1,242	960
Total fixed assets		**389,944**	**325,180**	**312,578**
Current assets				
Short-term receivables				
Accounts receivables		414	837	53
Other receivables		2,879	1,141	1,775
Prepaid expenses		622	143	53
Total short-term receivables		**3,915**	**2,121**	**1,881**
Cash and bank balances		12,559	20,813	6,250
Total current assets		**16,474**	**22,933**	**8,130**
Total assets		**406,418**	**348,113**	**320,709**

Equity and liablities	Note	Dec 31, 2012	Dec 31, 2011	Jan 1, 2011
Equity				
Equity attributable to owners of the parent				
Ordinary shares	21	61,461	61,461	33,027
Share premium		81,394	81,394	64,221
Other reserves		-31,139	-14,257	-18,279
Retained earnings		199,392	151,281	163,387
Total equity		**311,108**	**279,879**	**242,356**
Liablities				
Long-term liabilities				
Prepaid income from unitholders	22	4,000	4,600	5,500
Liabilities to unitholders	23	66,084	60,763	56,281
Convertible loan	24	21,582	–	13,372
Other long-term liabilities		198	–	–
Total long-term liabilities		**91,864**	**65,363**	**75,153**
Short-term liabilities				
Accounts payable		897	626	865
Other liabilities		1,620	1,680	1,670
Accrued expenses	25	929	564	665
Total short-term liabilities		**3,446**	**2,870**	**3,200**
Total equity and liabilities		**406,418**	**348,112**	**320,709**
Contingencies		None	None	None
Pledged assets				
To secure own liabilities and commitments reported as provisions				
Chattel mortgage		–	100	100

Consolidated statement of changes in equity

	Note	Ordinary capital	Share premium	Other reserves	Retained earnings	Total
	21					
Closing balance according to financial statements Dec 31, 2010		33,027	64,221	-18,279	165,238	244,206
Effects of change in accounting principles					-1,850	-1,850
Opening balance Jan 1, 2011		33,027	64,221	-18,279	163,388	242,356
Net result for the year					-12,030	-12,030
Exchange profit				5,546		5,546
Total comprehensive income of the year				5,546	-12,030	-6,484
Transactions with owners:						
Apportemission		13,231	-13,231			0
Convertion of convertible bond		4,959	9,917	-1,524		13,352
New capital issue		10,244	20,487			30,731
Total contribution by and distribution to owners of the patent		28,434	17,173	-1,524		44,083
Opening balance Jan 1, 2012		61,461	81,394	-14,257	151,281	279,879
Net result for the year					48,111	48,111
Exchange loss				-17,978		-17,978
Total comprehensive income of the year				-17,978	48,111	30,133
Transactions with owners:						
Convertible bond - equity component				1,096		1,096
Total contribution by and distribution to owners of the patent				1,096		1,096
Closing balance Dec 31, 2012		61,461	81,394	-31,139	199,392	311,108

Statement of cash flows – group

	Note	2012	2011
Cash flows from operating activities			
Cash generated from operations	26	-13,679	-10,991
Interest received		143	214
Interest paid		-177	–
Income tax paid		–	–
Cash flows from operating activities before change in working capital		**-13,713**	**-10,777**
Change in working capital			
Reduction/expansion of working assets		9	-240
Expansion/reduction of working liabilities		526	-331
Cash flows from operating activities		**-13,178**	**-11,348**
Investing activities			
Investments in tangible assets		-15,738	-5,242
Investments in biological assets		–	-3
Sales of tangible assets		30	–
Sales of biological assets		–	718
Change in long-term receivables		284	-282
Cash flows from investing activities		**-15,424**	**-4,809**
Financing activities			
Payments for new capital issue		–	30,730
Received convertible bond		20,499	–
Cash flows from financing activities		**20,499**	**30,730**
Net change in cash and bank balances		**-8,103**	**14,573**
Opening balance cash and bank balances		**20,813**	**6,250**
Exchange loss in cash and bank balances		-151	-10
Closing balance cash and bank balances		**12,559**	**20,813**

Income statement – parent

	Note	2012	2011
Revenue		3,680	–
Other income		41	111
Operating expenses			
Cost of sales		-1,598	
Other external costs	7	-4,376	-6,455
Personal costs	6	-1,953	-709
Depreciation of tangible and intangible assets	8	-266	-286
Operating result		**-4,472**	**-7,339**
Result from financial investments			
Result from other securities and receivables accounted for as fixed assets	9	-2,062	1,831
Other interest income and simular item	10	143	233
Interest expenses and simular items	11	-283	0
Result after financial items		**-6,674**	**-5,275**
Tax on profit for the year	12	–	–
Net result for the year		**-6,674**	**-5,275**

Balance sheet – parent

Assets	Note	Dec 31, 2012	Dec 31, 2011
Non-current assets			
Intangible assets			
Goodwill		165	335
Tangible assets			
Machinery and equipment	14	148	243
Financial assets			
Participations in group companies	16	8,043	8,043
Receivables from group companies	17	88,127	64,118
Redeemed units	18	47,475	47,327
Other long-term receivables	19	70	866
Total financial assets		**143,715**	**120,354**
Total fixed assets		**144,028**	**120,932**
Current assets			
Short-term receivables			
Other receivables		2,750	840
Prepaid expenses		175	86
Total short-term receivables		**2,925**	**926**
Cash and bank balances		9,715	18,313
Total current assets		**12,640**	**19,239**
Total assets		**156,668**	**140,171**

Equity and liablities	Note	Dec 31, 2012	Dec 31, 2011
Equity	21		
Restricted equity			
Ordinary shares		61,461	61,461
Statutory reserve		4,566	4,566
		66,027	**66,027**
Non-restricted equity			
Share premium		81,394	81,394
Loss brought forward		-6,703	-2,524
Loss for the year		-6,674	-5,275
		68,017	**73,595**
Total equity		**134,044**	**139,622**
Liablities			
Long-term liabilities			
Convertible loan	24	21,582	–
Short-term liabilities			
Accounts payable		229	211
Other liabilities		109	31
Accrued expenses	25	704	307
Total short-term liabilities		**1,042**	**549**
Pledged assets		**156,668**	**140,171**
Pledged assets			
To secure own liabilities and commitments reported as provisions			
Chattel mortgage		–	100
Contingencies		**None**	**None**

Statement of changes in equity – parent

	Note	Ordinary capital	New share issue in progress	Statutory reserve	Share premium	Retained earinings incl result for the year
Opening balance Jan 1, 2011	**21**	**33,027**	**13,231**	**4,566**	**50,989**	**-1,000**
Net result for the year						-5,275
Total comprehensive income of the year						**-6,275**
Transactions with owners:						
Issue for non-cash consideration		13,231	-13,231			
Convertion of convertible bond		4,959			9,917	-1,524
New capital issue		10,244			20,488	
Total contribution by and distri- bution to owners of the patent		28,434	**-13,231**		**30,405**	**-1,524**
Opening balance Jan 1, 2012		**61,461**	**0**	**4,566**	**81,394**	**-7799**
Net result for the year						-6,674
Total comprehensive income of the year						**-14,473**
Total comprehensive income of the year						
Convertible bond – equity component						1,096
Total contribution by and distri- bution to owners of the patent						**1,096**
Closing balance Dec 31, 2012		**61,461**	**0**	**4,566**	**81,394**	**-13,377**

Statement of cash flows – parent

	Note	2012	2011
Cash flows from operating activities			
Cash generated from operations	26	-714	-4,676
Interest received		143	214
Interest paid		-177	–
Income tax paid		–	–
Cash flows from operating activities before change in working capital		**-748**	**-4,462**
Change in working capital			
Reduction/expansion of working assets		-275	693
Expansion/reduction of working liabilities		492	-415
Cash flows from operating activities		**-531**	**-4,184**
Investing activities			
Investments in tangible assets		–	-66
Investments in financial assets		-148	–
Change in long-term receivables		194	–
Increase in lending to group companies		-28,612	-13,850
Cash flows from investing activities		**-28,566**	**-13,916**
Financing activities			
Payments for new capital issue		–	30,730
Received convertible bond		20,499	–
Cash flows from financing activities		**20,499**	**30,730**
Net change in cash and bank balances		**-8,598**	**12,630**
Opening balance cash and bank balances		**18,313**	**5,683**
Exchange loss in cash and bank balances		0	0
Closing balance cash and bank balances		**9,715**	**18,313**

Notes to the consolidated financial statements

1. GENERAL INFORMATION

Forwood AB (publ.), co. reg. no. 556271-9228, and its subsidiaries own and manage land and teak plantations in Panama.

Forwood AB (publ.) was founded in 1986 and has directly or indirectly made investments in cultivated teak since 1999. Forwood AB is a limited liability company registered in and with its head office in Sweden. The address of head office is Storgatan 11, SE-411 24 Gothenburg.

The annual report and consolidated accounts have been approved for issue by the Board and CEO. The consolidated income statement and balance sheet and the parent company's income statement and balance sheet will be subject to ratification at the Annual General Meeting on 19 April 2013.

2. ACCOUNTING AND VALUATION PRINCIPLES

Compliance with standards and legislation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), and interpretation pronouncements from the International Financial Reporting Interpretations Committee (IFRIC) as assumed by the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary accounting rules for groups, has been applied.

The parent company applies the Swedish Company Accounts Act and RFR 2. This means that the same accounting principles are applied at the parent company and the Group, with a few exceptions: see below. Differences between the parent company's and the Group's applied accounting principles stem from the limited opportunities for applying IFRS to the parent company as a consequence of the Annual Accounts Act, and in some cases because of applicable tax regulations.

Accounting principles applied for the Group and parent company are compliant with those applied last year, with the exceptions specified below.

Bases for evaluation

The Group's assets and liabilities have been valued at acquisition cost, apart from certain financial assets and liabilities plus biological assets that have been valued at fair value.

Impairment testing

Assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

When a need for writedown has been established, a writedown is made in amount by which the carrying amount exceeds the recovery value. The recovery value is the higher of an asset's fair value minus sales costs and value in use.

Currency

The parent company's functional currency is the Swedish krona (SEK). The other functional currency used within the Group is the US dollar (USD). The Group's reporting currency is the Swedish krona (SEK). The consolidated accounts are presented in Swedish kronor (SEK). All amounts, unless stated otherwise, are in SEK thousands.

Currency exchange rates

	Closing day rate	Average rate
Dec 31, 2011	6.92	6.50
Dec 31, 2012	6.52	6.78

Amended accounting principles

Up to and including 2011, biological assets were reported net after deductions for the element of the return accruing to holders of participating interests who had made direct investments in the plantations. To allow the value of the biological assets to be viewed more clearly, the management made a decision to report biological assets in their entirety on the asset side from 2012, with a liability for the returns calculated to accrue to holders of participating interests. The principle for reporting administrative undertakings has also been amended; see the section on revenue recognition. The figures for 2011 have been converted in accordance with the new principles. For the effect on equity, see Report on changes in equity – Group and the row Effects of amended accounting principles.

New standards, amendments and interpretations of existing standards which have not yet come into force

A number of new or amended IFRS standards will come into force during the coming financial year, and the Group has elected not to apply any of these standards in advance. New or amended IFRS standards with effect from 2012 are not deemed to have any significant effect on the financial reports.

CONSOLIDATION PRINCIPLES

Subsidiaries

Subsidiaries are companies in which Forwood AB has a controlling influence. Controlling influence means that the Group has the right to determine, directly or indirectly, financial and operational strategies for the purpose of obtaining financial benefits.

Acquisitions of subsidiaries are reported according to the purchase method. The purchase price for the acquisition of a subsidiary is made up of the fair value of transferred assets, liabilities and the shares issued by the Group. The purchase price also includes the fair value of all assets or liabilities which are a consequence of an agreement on a conditional purchase price. Acquisition-related expenses are reported in the income statement when they arise. Identifiable acquired assets and transferred liabilities in a business acquisition are initially valued at fair value on the acquisition date.

Group goodwill arises when the acquisition value in connection with the acquisition of shares in subsidiaries exceeds the fair value of the acquired company's identifiable net assets. When the acquisition value falls below the fair value of the acquired company's identifiable net assets, negative goodwill arises which is reported directly in results for the year.

The subsidiary's financial reports are included in the consolidated accounts up to the date on which the controlling influence ceases to apply.

Transactions eliminated on consolidation

Internal Group receivables and liabilities, income or expenses and unrealised profits and losses arising from transactions between Group companies are eliminated in their entirety when compiling the consolidated accounts.

Translation of foreign subsidiaries

The local currency is equivalent to the functional currency for all companies in the Group. Functional currency is the currency in the primary economic environments where the companies included in the Group run their business. The Group's reporting currency is the Swedish krona. The results and financial positions of all Group companies (of which none has a high inflation currency as its functional currency) with a functional currency different to the presentation currency are translated into the Group's presentation currency as follows:

a) Assets and liabilities for each of the balance sheets are translated at the closing rate;

b) Income and expenses for each of the income statements are translated at the average currency exchange rate (provided that this average rate constitutes a reasonable approximation of the accumulated effect of the exchange rates applicable on the transaction date, otherwise income and expenses are translated at the exchange rate on the transaction date).

c) All currency exchange rate differences arising are reported in other comprehensive income.

Classification, current/ long-term

Current receivables or liabilities are equivalent to max. 12 months. Long-term receivables or liabilities are equivalent to periods in excess of 12 months.

Employee benefits

Pension liabilities

The Group has defined contribution pensions only, where the Group's obligations are limited to the charges which the Group has undertaken to pay. Consequently, no actuarial assumptions are required to calculate the commitment or cost and there is no possibility of any actuarial gains or losses. The Group's obligations with regard to defined contribution plans are entered as a cost in the income statement at the rate at which they are earned as employees carry out services for the Group during the period.

Revenue

Net sales

Revenue comprises the fair value of what has been or will be received for sold goods and services in the Group's operating activities. Revenue is recognised exclusive of value-added tax, returns and discounts, and after eliminating any internal Group sales.

The Group recognises revenue when its amount can be measured in a reliable manner, and it is likely that future financial benefits will accrue to the company.

The Group's net sales originate in part from external management assignments completed and timber sales at the subsidiary, and in part from income from sold felling rights.

Revenue from completed assignments is recognised as the assignments are completed. Timber sales are recognised on outbound delivery.

The principle for revenue recognition of management undertakings was also amended in connection with amended reporting of biological assets and liabilities to holders of participating interests as of 2012. The effects of the amended principle on opening equity are described in Note 22 and also in Report on changes in equity – Group.

When holders of participating interests entered into agreements on acquisition of participating interests, Forwood undertook to manage the plantations until the time of felling. Investors paid a management fee for this in advance. The advances are recognised as deferred income and will be recognised as income as the management undertakings are met.

Other operating income

Income from activities outside the Group's primary business is recognised as other operating income.

Leasing

Lease charges are recognised as expenses evenly over the contract period and are recognised within operating expenses. As leasing is not essential for financing the business, all leasing agreements are recognised as operational irrespective of their classification.

Taxes

The Group's total tax comprises current tax and deferred tax. Income taxes are recognised in profit for the year, except when the underlying transaction has been recognised in other comprehensive income or in equity, the relevant tax effect in this case being recognised in other comprehensive income or in equity. Current tax is tax that is to be paid or received related to the current year, using the tax rates that were decided or had in practice been decided as at the balance sheet date. Current tax also includes adjustments to current taxes attributable to previous periods. Any deferred tax is calculated according to the balance sheet method on the basis of temporary differences between the carrying value and the tax-related value of assets and liabilities. These amounts are calculated on the basis of how the temporary differences are expected to be equalised, and with application of the tax rates and tax rules decided upon or announced as at the balance sheet date. Temporary differences are ignored in Group goodwill, as are differences attributable to participations in subsidiaries and associated companies which are not expected to be taxed within the foreseeable future.

Deferred tax assets related to deductible temporary differences and unused loss carryforwards are recognised only insofar as it is deemed probable that these will result in lower tax payments in the future.

Deferred tax liabilities are recognised insofar as the Group is of the opinion that the Group's deferred tax liabilities will exceed the deficits which may be utilised.

Financial instruments

Financial instruments are valued and recognised in accordance with IAS 39.

A financial asset or liability is included in Report on financial position when the company becomes a party to the contractual terms of the instrument. A financial asset is excluded from Report on financial position once the contractual rights have been realised or have expired, or once the company loses control over them. A financial liability is removed from the balance sheet once the obligation in the contract has been fulfilled or is in some other way extinguished.

Bank deposits, loans and receivables are recognised at accrued acquisition value with application of the effective interest rate method after the time of acquisition. An assessment is carried out at the end of every report period in order to see whether there is any objective evidence for the need for writedown for a financial asset.

The Group classifies its financial instruments into the following categories (see Note 20):

Loans and receivables
This category primarily includes cash and receivables valued at accrued acquisition value, adjusted at the closing rate of foreign currency items. Receivables have short expected maturities and are valued without discounting at the original invoiced amount less the estimated loss risk.

Liabilities valued at fair value via the income statement
This category includes liabilities to holders of participating interests. Up to 2009, the business was financed by allowing investors to make direct investments in the various plantations. Participating interests related to the right to returns on future felling of a specific plantation.

Up to and including 2011, biological assets were reported net after deductions for the element of the return accruing to holders of participating interests who had made direct investments in the plantations. To allow the value of the biological assets to be viewed more clearly, the management made a decision to report biological assets in their entirety on the asset side from 2012, with a liability for the returns calculated to accrue to holders of participating interests. The figures for 2011 have been converted in accordance with the new principles. For effects on equity, see Report on changes in equity – Group and the row Effects of amended accounting principles.

Liabilities are calculated in the same way as the biological assets, which are valued at discounted values of future cash flows: see below.

Financial liabilities valued at accrued acquisition value
Financial liabilities valued at accrued acquisition value

This category covers mainly convertible loans and operating liabilities. The operating liabilities have short expected maturities and are valued at nominal value without discounting.

When recognised in the balance sheet for the first time, convertible bonds issued are divided up in accordance with their financial substance. This means that the convertible bond is divided into a financial liability and an equity instrument. The value of the equity instrument is achieved by deducting the fair value of the financial liability at the time of issue from what was received when the convertible bond was issued. The fair value of the liability is calculated at the time of acquisition in that the future payment flows are discounted by the current market rate for a similar liability, with no right to conversion. Issue expenses for the convertible bond are distributed proportionally between the calculated value of the financial liability and the equity instrument. If the issue expense relates to the equity instrument, this is recognised as a deduction from restricted equity. If the expense relates to the financial liability, this is taken into account when calculating the effective interest rate for the loan. If the charge relates to the financial liability, it is distributed over the agreed maturity in accordance with the effective interest rate method.

Intangible fixed assets
Goodwill comprises the amount by which the acquisition value exceeds the fair value of the Group's participation in the acquired subsidiary's identifiable net assets on the acquisition date. Goodwill is tested annually in order to identify any need for writedown and is recognised at acquisition value minus accumulated writedowns.

Tangible fixed assets
Tangible fixed assets are entered at their acquisition value less accumulated depreciation. Value-enhancing investments and improvements are capitalised and charged to the tangible fixed asset, and minor expenses, repairs and maintenance which do not extend the anticipated life of the asset are charged to other external expenses. Depreciation is calculated as straight line depreciation over the expected useful life of the asset, which is:

- Buildings 30 years
- Forest machinery 7–10 years
- Other vehicles 5–10 years
- Computers 3 years
- Other equipment and plant 5–10 years

Biological assets
Forwood's biological assets essentially comprise the teak trees which grow in teak plantations in Panama. Livestock accounts for a small proportion of the biological assets. Both planted and unplanted land is valued at acquisition value and is recognised under the item Buildings and land.

Biological growth and biological values are measured by means of an extensive system of test areas. Two to three measurement areas have been set up in each individual plantation area, with 121 teak trees in each. The height and diameter of each tree is measured and entered in a calculation template which measures the biological asset at the time of measurement. The difference is the biological assets which occurs between measurements is the biological growth for the period. The value is determined using the discounted cash flow method. The discounted revenues which can be expected when felling teak trees are calculated, minus the discounted expenses required for efficient establishment, management and sale of the timber.

The parameters applied are the diameter at breast height of the tree, the commercial height of the tree, the number of trees per hectare, the volume of commercial timber per hectare, financial details on the balance sheet date such as the USD exchange rate, and assumptions regarding future teak prices based on actual, demonstrable sales prices over the financial year. A figure of 10 % has been used as a discount rate when calculating fair value. Actual prices achieved when supplying to purchasers on the local market in Panama have been used as a basis for pricing. There is a pricing agreement as a basis for the deliveries. It has been possible to retrieve data from this agreement for the dimensions not yet supplied.

The first thinning operation is planned to take place during the dry season in year 4 or 5. The second thinning operation is planned to take place during the dry season in year 8 or 9, and the third thinning operation is planned to take place during the dry season in year 13 or 14. The thinning times are estimates and relate to teak plantations established between 2004 and 2011. The interval is longer for plantations established between 2000 and 2003. It is estimated that final felling will take place after 20 years.

Up to and including 2011, biological assets were reported net after deductions for the element of the return accruing to holders of participating interests who had made direct investments in the plantations. To allow the value of the biological assets to be viewed more clearly, the management made a decision to report biological assets in their entirety on the asset side from 2012, with a liability for the returns calculated to accrue to holders of participating interests. The figures for 2011 have been converted in accordance with the new principles. For effects on equity, see Report on changes in equity – Group and the row Effects of amended accounting principles. See also Note 4, Important assessments and estimates.

Cash and bank balances
In both the balance sheet and the cash flow statement, cash and bank balances include cash, bank deposits and other short-term investments with due dates within three months of the acquisition time.

Provisions
Provisions are recorded when the Group has a legal or informal obligation as a result of events occurring and it is likely that an outflow of resources will be required in order to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are recognised at a value equivalent to the outflow of resources that will probably be required in order to settle the obligation. Provisions are discounted at current value if the time value is deemed material.

Parent company

Accounting principles
The parent company has prepared its annual accounts in accordance with the Swedish Company Accounts Act (1995:1554) and recommendation RFR 2, Reporting of legal entities, of the Swedish Financial Accounting Standards Council. Under RFR 2, the parent company in the annual accounts of the legal entity must apply all of the IFRS standards and statements adopted by the EU, provided this is possible within the framework of the Swedish Company Accounts Act, the Pension Obligations Vesting Act and with due regard for the relationship between accounting and taxes. Recommendations indicate what exemptions are to be made from and supplements are to be made to IFRS.

Differences between the accounting principles of the Group and the parent company.
Differences between the accounting principles of the Group and the parent company are described below. The accounting principles stated below for the parent company have been applied consistently in all periods presented in the parent company's financial statements.

Classification and layouts
The parent company's income statement and balance sheet are presented in accordance with the layout in the Swedish Company Accounts Act. The difference to IAS 1 Presentation of Financial Statements which is applied when presenting the consolidated financial statements is primarily the reporting of financial income and expenses, fixed assets, equity and the presentation of provisions under a separate heading in the balance sheet.

Intangible fixed assets
Goodwill refers to the difference between the acquisition value of a business and the fair value of acquired assets, assumed liabilities and contingent liabilities. Goodwill is valued at acquisition value less depreciations and any accumulated writedowns. Goodwill is distributed to cash-generating units and the need for writedown is tested at least annually.

Goodwill is depreciated according to plan over the expected useful life, taking into account the essential residual value. Depreciation takes place at a rate of 20 % per year.

Redeemed felling rights
The business was previously financed by allowing investors to invest directly in the plantations. The rights to future returns for a specific plantation were sold at that time. Forwood undertook to manage the forest until the time of felling. A small proportion of these participating interests have been bought back over the years. In 2010, an invitation was also issued concerning the exchange of participating interests for newly issued shares in Forwood AB. These participating interests then became an asset of Forwood AB, valued at the exchange rate set at the time of the issue of shares plus the effect of reduced liabilities for management undertakings.

With regard to the subsidiary Forwood Forestry, the parent company took over the receivables which external investors had. As a result, the subsidiary was not affected. However, in the consolidated accounts the Group is to be viewed as one unit, which is why this item has been eliminated.

Subsidiaries
Participating interests in subsidiaries are recognised in the parent company at acquisition value minus any accumulated writedown.

If there is any indication that an asset is impaired, the subsidiary's recoverable amount is calculated. Writedown is recognised when the subsidiary's carrying amount exceeds its recovery value. Writedown is recognised as an expense in the income statement.

The recoverable value is the highest of fair value minus sales costs and the utility value. When calculating the utility value, future cash flows are discounted by a discount factor which takes into account risk-free interest and the risk associated with the specific subsidiary.

3. FINANCIAL RISK MANAGEMENT

Because of its international and capital-intensive business, Forwood AB is constantly exposed to financial risks such as market risk and liquidity and finance risks. The essential elements of financial administration within the Group are described below.

Market risk

Market risk involves the risk of fair value of a financial instrument or future cash flows from a financial instrument varying due to changes in market prices. Market risk constitutes currency risk, interest rate risk and other price risks.

Currency risk

Currency risk is deemed to be the primary market risk for the Group. The Group is exposed primarily to translation risks. More than 90 % of the Group's business is in USD. This exposure is not hedged.

Transaction risks are present as the foreign business is financed in Sweden. Regular transfers take place from Sweden to Panama.

Forwood is exposed to fluctuations in the currency exchange rate between SEK and USD. A 10 % change, upwards and downwards, of the value of the USD would affect the Group's income before financial items and tax by approximately +/- SEK 5 million and equity by approximately SEK +/- 30 million over one year.

Interest rate risk

The Group's interest rate risk arises due to long-term borrowing. The Group has a low debt/equity ratio, which means a low interest rate risk in financial liabilities.

When calculating the fair value of biological assets, the expected market interest rate affects the value of the asset.

See the sensitivity analysis in Note 15 concerning the effects of a change in the expected market interest rate.

Price risk

Price risk refers to changes in the prices of products or input goods. As far as Forwood is concerned, the risk lies in the market price of teak potentially falling. However, demand is deemed to be very stable. Given that the time until final felling is relatively long, it is difficult to assess the market price at the time of sale. The market price applied when calculating the fair value of biological assets (forests) is based on sales for the year and agreements with local purchasers. It may be necessary in future to try to establish direct contact with buyers in India. This could lead to higher prices and reduce the price risk. See the sensitivity analysis in Note 15 concerning the effects of a reduction in prices.

Liquidity and finance risk

Liquidity and finance risk is the risk of the Group having problems meeting its obligations linked with financial liabilities.

The Group's business is capital-intensive, which is why finance is a focus issue at the parent company. Financing previously took place through the sale of participating interests in future returns from forests, new share issues and convertible loans. In the future, the Board is expecting to make further share issues and to receive income from external commissions and timber sales from thinning operations.

	3 month	3–12 month	1–2 years	2–5 years	5 year
Interest-bearing	12	38	50	20	–
Non interest-bearing	3,243	–	–	–	12
Interest-bearing	–	–	–	-21,582	–
Non interest-bearing	-2,771	-77	–	-6,170	-60,010
Total Dec 31, 2012	**484**	**-39**	**50**	**-27,732**	**-59,998**

Capital administration

The Group's target in respect of its capital structure is to safeguard the Group's ability to continue its operations so that it can generate returns to shareholders and benefits for other stakeholders and maintain an optimum capital structure so as to keep the cost of capital down.

The Group assesses its capital on the basis of its debt/equity ratio, in the same way as other companies in the industry. This key figure is calculated as net liabilities divided by total capital. Net liabilities are calculated as total borrowing minus liquid assets. Total capital is calculated as equity in the consolidated balance sheet plus net liabilities.

	2012
Total borrowings (note 24)	22,573
Deduction cash and bank balances	-12,559
Net debt	-10,014
Total equity	311,108
Total	**321,122**
Dept/ equity ratio	3 %

4. IMPORTANT ASSESSMENTS AND ASSUMPTIONS

Estimates and assumptions are reviewed regularly. Changes to estimates are reported in the period in which the change is made if the change has only impacted upon this period, or in the period in which the change is made and future periods if the change affects both the current period and future periods.

The estimates and assumptions which Forwood considers to have the greatest impact on the company's profits and assets and liabilities are discussed below.

Valuation of biological assets
As there is no market price or other comparable value for the biological assets in their current condition, these are valued at the value of expected future cash flows. However, for the end product there are demonstrable local market prices which were achieved by sales to and agreements with purchasers in Panama.

Annual surveys and felling plans form the basis of the calculation of these cash flows. The calculation is also based on the assumptions on growth, sales prices and expenses for forest management and felling. These assumptions are primarily experience-based and are changed only if changes in price and expense levels are deemed to be long-term. Cash flow covers a production cycle which Forwood estimates will amount to 20 years on average. The current value of expected net payments from the biological asset is calculated on the basis of an interest rate determined by the market (WACC, Weighted Average Cost of Capital). The WACC has been set at 10 %.

Up to and including 2011, biological assets were reported net after deductions for the element of the return accruing to holders of participating interests who had made direct investments in the plantations. To allow the value of the biological assets to be viewed more clearly, the management made a decision to report biological assets in their entirety on the asset side from 2012, with a liability for the returns calculated to accrue to holders of participating interests. The principle for reporting administrative undertakings has also been amended. The figures for 2011 have been converted in accordance with the new principles. This change resulted in a minor adjustment item under opening equity in 2011.

The value of the Group's biological assets as at 31 December 2012 was SEK 345,630 (291,073) thousand. For more information, see note 15.

Taxes
Deferred tax is calculated on the basis of temporary differences between the carrying value and the tax-related value of assets and liabilities. Both the Group and the parent company have deficits for tax purposes.

The parent company has deficits for tax purposes amounting to SEK 15,013 (9,072) thousand. Future surpluses in the parent company are estimated to arise due to dividends from the subsidiaries. As dividends from Group companies are tax-exempt, the company is not expecting to be able to utilise these deficits for tax purposes.

The tax effect on utilisation of the deficits for tax purposes has not been included as an asset as with current tax rules, it is dubious whether any surpluses for tax purposes will arise. An assessment of the deficits is carried out every year on the basis of the Group's expected development, and any changes to tax legislation that may be utilised in the foreseeable future.

5. SEGMENT REPORTING

Group
At present, the Group's sales essentially relate to forestry operations in Panama and products and services are assigned to the local market in Panama. Given the above and the relatively limited size of the business to date, the corporate executive has not yet begun to monitor the business in operating segments.

6. HUMAN RESOURCES AND PAYROLL EXPENSES

Number of employees	2012		2011	
	Women	Men	Women	Men
Parent company, Sverige	0	3	0	1
Subsidiary company, Panama	3	72	5	69
Total Group	**3**	**75**	**5**	**70**

Salaries and compensation	2012		2011	
	Salaries and compansation	Social costs	Salaries and compansation	Social costs
Parent company, Sverige	1,243	453	525	240
(where of pension costs)		(65)		(55)
Subsidiary company, Panama	3,532	520	3,134	530
(where of pension costs)		(–)		(–)
Total Group	**4,775**	**973**	**3,659**	**770**

The average number of employees is based on the attendance hours paid for by the company in relation to normal working hours according to Swedish conditions (40 hours per week).

Three of the senior executives at the subsidiary Forwood Forestry Panama S.A. are entitled to bonuses. A total of USD 5,108 was paid in 2012. A maximum of USD 57,400 can be paid each year until 2020.

Salaries and compensation to board, managing director and other executives for 2012

	Salaries/ board fee	Other compensations	Pension expense	Total
Rolf Eriksson, Chairman	80	–	–	**80**
Anders Karlsson, Director and CEO	565	–	–	**565**
Others, three members of the board	140	–	–	**140**

**Both invoiced board fees and board fees paid as salaries*

Senior executives have notice periods of a maximum of three months if the employer terminates their employment. There are no agreements regarding severance pay.

7. FEES AND REMUNERATION

Audit assignments refer to the reviewing of the annual report, the accounts and the administration by the Board of Directors and Managing Director. Auditing assignments also include what the company's auditor is required to perform, advise on or other contributions resulting from observations made during this auditing work or while carrying out these assignments. Anything else is considered as other engagements.

Group

	2012	2011
PWC, Sweden		
Audit assignment	438	457
Audit business beyond audit assignment	9	29
Tax consultancy	18	57
Other consultancy	38	61
Total	**503**	**604**
PWC, Panama		
Audit assignment	210	185
Other consultancy	–	–
Total	**210**	**185**
Total Group	713	789

Parent company

	2012	2011
PWC, Sweden		
Audit assignment	438	457
Audit business beyond audit assignment	9	29
Tax consultancy	18	57
Other consultancy	38	61
Total	**503**	**604**

8. DEPRECIATION ON TANGIBLE AND INTANGIBLE ASSETS

Group

	2012	2011
Land and buildings	-46	-32
Machinery and equipment	-1,664	-955
Total	**-1,710**	**-987**

Parent company

	2012	2011
Goodwill	-170	-170
Equipment	-96	-116
Total	**-266**	**-286**

9. RESULT FROM OTHER SECURITIES AND RECEIVABLES ACCOUNTED FOR AS FIXED ASSETS

Parent company

	2012	2011
Exchange differences	-4,701	1,831
Interest long-term receivables	3,464	–
Write-down of receivables	-825	–
Total	**-2,062**	**1,831**

10. OTHER INTEREST INCOME AND SIMULAR ITEMS

Group

	2012	2011
Interest income on convertible loan	–	19
Other external income	143	214
	143	**233**

Parent company

	2012	2011
Interest income on convertible loan	–	19
Other external income	143	214
	143	**233**

11. INTEREST EXPENSES AND SIMULAR ITEMS

Group

	2012	2011
Interest expenses prepaid income from unitholders	-601	-148
Exchange differences prepaid income from unitholders	142	-160
Interest expenses on convertible loan	-106	–
Other external interest expenses	-177	–
Other exchange losses	-138	-9
	-880	**-317**

Parent company

	2012	2011
Interest expenses on convertible loan	-106	–
Other external expenses	-177	0
	-283	**0**

12. TAX ON PROFIT FOR THE YEAR

Group

	2012 Percentage	Amount	2011 Percentage	Amount
Result before tax		48,111		-12,356
Tax based on the tax rate for the parent company	26.3 %	-12,653	26.3 %	3,250
Diffences in tax rates in foreign business		577		-135
Non-deductable expenses		-2,783		-2,358
Tax-exempt income		15,983		–
Interest income		–		-738
Other consolidation adjustments		1,650		–
Increase in loss carry-forward deficit deduction without corresponding capitalization of deferred tax		-2,774		-19
Accounted effective tax		0		0

Parent company

	2012 Percentage	Amount	2011 Percentage	Amount
Result before tax		-6,674		-5,275
Tax based on the tax rate	26.3 %	1,755	26.3 %	1,387
Non-deductable expenses		-1,244		-630
Interest income		–		-738
Increase in loss carry-forward deficit deduction without corresponding capitalization of deferred tax		-511		-19
Accounted effective tax		0		0

Not accounted loss carry-forward amounts to 11,018 (9,072) TSEK.

13. LAND AND BUILDINGS

Group

	Dec 31, 2012	Dec 31, 2011
Accumulated acquisition value		
Opening balance acquisition value	24,004	23,462
Additions	4,836	120
Divestments and disposals	-139	–
Exchange differences	-1,591	422
Closing balance accumulated acquisition value	**27,110**	**24,004**
Accumulated depreciation		
Opening balance accumulated depreciation	-216	-181
Depreciation for the year	-46	-32
Exchange differences	12	-3
Closing balance accumulated depreciation	**-250**	**-216**
Closing balance accounted value	**26,860**	**23,788**

The balance sheet item essentially relate to land.

14. MACHINERY AND EQUIPMENT

Group

	Dec 31, 2012	Dec 31, 2011
Accumulated acquisition value		
Opening balance acquisition value	11,477	5,991
Additions	10,902	5,122
Divestments and disposals	-328	-60
Exchange differences	-1,012	424
Closing balance accumulated acquisition value	**21,040**	**11,477**
Accumulated depreciation		
Opening balance accumulated depreciation	-3,252	-2,266
Divestments and disposals	176	57
Depreciation for the year	-1,664	-955
Exchange differences	221	-87
Closing balance accumulated depreciation	**-4,519**	**-3,252**
Closing balance accounted value	**16,520**	**8,226**

Parent company

	Dec 31, 2012	Dec 31, 2011
Accumulated acqusition value		
Opening balance acquisition value	639	573
Additions	–	66
Closing balance accumulated acquisition value	**639**	**639**
Accumulated depreciation		
Opening balance accumulated depreciation	-396	-280
Depreciation for the year	-96	-116
Closing balance accumulated depreciation	**-492**	**-396**
Closing balance accounted value	**148**	**243**

Forwood´s new machines

15. BIOLOGICAL ASSETS

According to IFRS, forest assets must be divided into biological assets and land. Standing crops and livestock are recognised as biological assets. Recognition must take place in accordance with IAS 41, which means that the asset must be valued and recognised at fair value at each balance sheet date. Changes in fair value are recognised in the income statement. If there are no market prices or other comparable value, the biological assets must be valued at the current value of future cash flows from the assets. The land on which the forests grow is valued at acquisition value in accordance with IAS 16.

Forwood's forest assets are valued by calculating the current value of future expected cash flows from the growing forest. The cash flows are calculated for the next 20 years, which is deemed to be the felling cycle of the forests. The Group holds a total of more than 1,100 hectares of productive forest last. Cash flows are calculated on the basis of felling volumes in accordance with the Group's current felling plan, as well as assessments of future price and cost developments. As inflation is high in Panama and it may be several years before inflation is down to a low level, the inflation factor has been increased to 3 % (2) per year. This increase in the inflation factor has meant an increase of SEK 39 million in the total value of biological assets. The asset value has been established by discounting the cash flow before tax by an interest rate of 10 % (10), which is deemed to be equivalent to the weighted average cost of capital (WACC) for this type of asset.

New plantations are not included in the year in which they are planted due to the increased risk over the first few years, and they are included at 50 % of their estimated value in the second year.

Besides the value of growing forest, there is a minor item relating to livestock which has been valued at fair value according to the applicable market price.

Up to and including 2011, biological assets were reported net after deductions for the element of the return accruing to holders of participating interests who had made direct investments in the plantations. To allow the value of the biological assets to be viewed more clearly, the management made a decision to report biological assets in their entirety on the asset side from 2012, with a liability for the returns calculated to accrue to holders of participating interests. The figures for 2011 have been converted in accordance with the new principles. For effects on equity, see Report on changes in equity – Group and the row Effects of amended accounting principles.

Land and plantation area	Year of establishment	Magnitude (hectare)*	Planted area (hectare)
District Colón			
Finca 19 & 28	2000	76.5	20.7
Santo Domingo	2002	112.1	80.0
Finca 23	2002	23.0	23.0
Finca 26	2002	26.0	26.0
Paraíso Globo A & B	2003	50.3	34.4
Nuevo Ocú I	2003	120.2	43.4
San Juan	2004	85.3	45.4
Nuevo Ocú II	2004	18.6	8.7
San Juan/B	2004	92.7	45.4
Nuevo Ocú III	2009	20.0	17.0
San Juan,*	2012	109.9	6.0
Total Colón		734.6	352.3
District Panamá & Daríen			
Clarita	2006-2007	192.6	140.2
Mundito	2006	50.2	37.5
Torti	2007	515.9	360.0
Rio Congo	2008	166.4	151.0
Mundito 2	2010	106.3	66.0
Yaviza,*	2011	19.3	8.0
Total Darien		1,050.7	762.5
Total		1,785.3	1,114.8

**New plantations only admitted to 0 % for the year of establishment and to 50 % the year after.*

... CONTINUED

BIOLOGICAL ASSETS

Group

	Dec 31, 2012
Closing balance according to financial statements in Dec 31, 2010	227,480
Effects of change in accounting principles	56,281
Opening balance Jan 1, 2011	**283,761**
Growth to real value	2,728
Acquisitions of livestock	3
Sales of livestock	-462
Exchange differences	5,043
Opening balance Jan 1, 2012	**291,073**
Growth to real value	73,747
Decrease due to harvesting	-227
Exchange differences	-19,788
Closing balance Dec 31, 2012	**345,630**

Sensitivity analysis

	Change	Change in value MSEK
Timber prices	+/- 5.0 %	+/- 22
Inflation	+/- 0.5 %	+/- 20
Discount rate	+/- 0.5 %	+/- 24
Exchange rate	+/- 5.0 %	+/- 18

16. PARTICIPATIONS IN GROUP COMPANIES

Parent company

	Dec 31, 2012	Dec 31, 2011
Accumulated acquisition value		
Opening balance accumulated acquisition value	8,043	8,043
Closing balance accounted value	**8,043**	**8,043**

	Share-holdings	Share of voting power	Share-holdings	Accounted value
Forwood Production S.A	100	100	10	77
Forwood Forestry Panama S.A	100	100	200	7,966
Forwood Management Group S.A	100	100	600	1
				8,043

Information about reg no and domicile:

	Domicile	Corp id no
Forwood Production S.A.	Panama	855544-1-506255 DV 56
Forwood Forestry Panama S.A	Panama	772376-1-485677 DV 43
Forwood Management Group S.A.	Panama	57280-1-372057 DV 26

17. RECEIVABLES FROM GROUP COMPANIES

Parent company

	Dec 31, 2012	Dec 31, 2011
Accumulated acquisition value		
Opening balance acquisition value	64,164	52,656
Write-down of receivables	–	-2,386
Net lending	28,710	13,894
Closing balance accumulated acquisition value	**92,874**	**64,164**
Accumulated exchange differences		
Opening balance exchange differences	-46	-1,886
Exchange differences for the year	-4,701	1,840
Closing balance accumulated exchange differences	**-4,747**	**-46**
Closing balance accounted value	**88,127**	**64,118**

Repayment is expected to be made in connection with harvesting and sales of the timber, which earliest is expected to be made in 2020.

18. REDEEMED UNITS

Parent company

	Dec 31, 2012	Dec 31, 2011
Accumulated acquisition value		
Opening balance acquisition value	47,327	47,327
Redeemed units for the year	148	–
Closing balance accounted value	**47,475**	**47,327**

19. OTHER LONG-TERM RECEIVABLES

Group

	Dec 31, 2012	Dec 31, 2011
Contracts receivables	70	866
Other receivables	12	376
	82	**1,242**

Parent company

	Dec 31, 2012	Dec 31, 2011
Contracts receivables	70	866

Short-term part of contracts receivables is included in Other receivables.

20. FINANCIAL INSTRUMENTS

Group

Dec 31, 2012	Loans and receivables	Assets at fair value through profit and loss	Investments held to maturity	Financial assets available for sale
Assets in balance sheet				
Other long-term receivables	83			
Accounts receivables	414			
Other receivables	2,879			
Cash and bank balances	12,559			
Total	**15,935**	–	–	–

Dec 31, 2012	Liabilities at fair value through profit and loss	Other financial liabilities at accred acqusition value
Liablilities in balance sheet		
Liabilities to unitholders	66,084	
Convertible loans		21,582
Other long-term liabilities		198
Accounts payables		897
Other liabilities		1,620
Total	–	**24,297**

Dec 31, 2012	Loans and receivables	Assets at fair value through profit and loss	Investments held to maturity	Financial assets available for sale
Assets in balance sheet				
Other long-term receivables	1,242			
Accounts receivables	837			
Other receivables	876			
Cash and bank balances	20,813			
Total	**23,768**	–	–	–

Dec 31, 2012	Liabilities at fair value through profit and loss	Other financial liabilities at accred acqusition value
Liablilities in balance sheet		
Liabilities to unitholders*	60,763	
Accounts payables		626
Other liabilities		1,480
Total		**2,106**

**The debt is in USD.*

21. SHAREHOLDERS' EQUITY

The share capital in Forwood AB (publ) amounts to SEK 61,460,825 as at 31 December 2012, distributed over 61,460,825 shares of which 6,840, 000 are A class shares with 10 votes each and 54,620,825 are B class shares with 1 vote each. 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 with no voting restrictions. All shares carry equal entitlement to the Company's assets and profits.

Year	Activity	Increase/decrease in number of shares	Increase in share capital	Total share capital	Numbers of shares	Par value per share (SEK)
1986	Formation of company	500	50,000	50,000	500	100
1997	Stock dividend	500	50,000	100,000	1,000	100
2002	New capital issue	3,000	300,000	400,000	4,000	100
2002	New capital issue	15,000	1,500,000	1,900,000	19,000	100
2003	New capital issue	2,200	220,000	2,120,000	21,200	100
2003	Split 100:1	2,098,800	0	2,120,000	2,120,000	1
2004	New capital issue	520,000	520,000	2,640,000	2,640,000	1
2004	New capital issue	396,000	396,000	3,036,000	3,036,000	1
2006	New capital issue	1,300,000	1,300,000	4,336,000	4,336,000	1
2006	Non-cash issue	1,600,000	1,600,000	5,936,000	5,936,000	1
2006	New capital issue	1,436,000	1,436,000	7,372,000	7,372,000	1
2006	New capital issue	25,000	25,000	7,397,000	7,397,000	1
2006	New capital issue	172,000	172,000	7,569,000	7,569,000	1
2006	New capital issue	916,000	916,000	8,485,000	8,485,000	1
2007	New capital issue	700,000	700,000	9,185,000	9,185,000	1
2007	New capital issue	416,520	416,520	9,601,520	9,601,520	1
2007	New capital issue	996,000	996,000	10,597,520	10,597,520	1
2007	New capital issue	69,420	69,420	10,666,940	10,666,940	1
2009	New capital issue	342,000	342,000	11,008,940	11,008,940	1
2009	Stock dividend	22,017,880	22,017,880	33,026,820	33,026,820	1
2011	Non-cash issue	13,231,460	13,231,460	46,258,280	46,258,280	1
2011	Convertible issue	4,959,074	4,959,074	51,217,354	51,217,354	1
2011	New capital issue	10,243,471	10,243,471	61,460,825	61,460,825	1

OWNERSHIP FORWOOD AB

Shareholders	Shares type A	Shares type B	Total	Shareholdings	Share of voting power
C.G Bothén AB	1,800,000	2,675,000	4,475,000	7.28 %	16.81 %
SEB Private Bank	1,663,000	3,265,826	4,928,826	8.02 %	16.17 %
Swiss Life AG	1,597,000	–	1,597,000	2.60 %	12.98 %
N. Wallgren AB	720,000	44,898	764,898	1.24 %	5.89 %
Lehtonen Konsult AB	250,000	499,524	749,524	1.22 %	2.44 %
Hedmans Partiaffär AB	–	1,582,240	1,582,240	2.57 %	1.29 %
Förvaltnings AB Brunnen	–	1,266,000	1,266,000	2.06 %	1.03 %
Axfarger Invest AB	–	1,207,672	1,207,672	1.96 %	0.98 %
Berggren, Per-Ola	–	974,297	974,297	1.59 %	0.79 %
Leif Eriksson	–	874,297	874,297	1.42 %	0.71 %
Others (720)	810,000	42,231,071	43,041,071	70.04 %	40.91 %
Total	**6,840,000**	**54,620,825**	**61,460,825**	**100.00 %**	**100.00 %**

Reserves for 2012, according to Report on changes in equity – Group, page 28, include exchange rate reserve and an equity component of convertible loans.

22. PREPAID INCOME FROM UNITHOLDERS

Group

In the case of direct investments in plantations, Forwood has undertaken to manage such plantations until the time of felling. The income from this management is recognised as the management undertakings are met.

Closing balance according to financial statements in Dec 31, 2010	**3,850**
Effects of change in accounting principles	1,650
Opening balance Jan 1, 2011	**5,500**
Change of the year	-447
Exchange differences	-453
Opening balance Jan 1, 2012	**4,600**
Change of the year	-362
Exchange differences	-238
Closing balance Dec 31, 2012	**4,000**

Short-term part 700 (800) TSEK is included in Other liabilities.

23. LIABILITIES TO UNITHOLDERS

Group

Up to 2009, the business was financed by allowing investors to make direct investments in the various plantations. Participating interests related to the right to returns on future felling of a specific plantation.

Up to and including 2011, biological assets were reported net after deductions for the element of the return accruing to holders of participating interests who had made direct investments in the plantations. To allow the value of the biological assets to be viewed more clearly, the management made a decision to report biological assets in their entirety on the asset side from 2012, with a liability for the returns calculated to accrue to holders of participating interests. The figures for 2011 have been converted in accordance with the new principles. The new principles have merely involved a marginal effect on results and position.

Liabilities are calculated in the same way as the biological assets, which are valued at discounted values of future cash flows: see Note 15.

Closing balance according to financial statements in Dec 31, 2010	**0**
Effects of change in accounting principles	56 281
Opening balance Jan 1, 2011	**56 281**
Revaluation due to growth in biological assets	3 409
Exchange differences	1 074
Opening balance Jan 1, 2012	**60 764**
Revaluation due to growth in biological assets	9 254
Decrease due to harvesting	-99
Exchange differences	-3 835
Closing balance Dec 31, 2012	**66 084**

24. CONVERTIBLE LOANS

At the end of 2012, SEK 22,573 thousand was injected into the company by means of a convertible subordinated loan which will run until 30 December 2015. This loan is attracting an interest rate of 10 %. This loan is divided into a financial liability and an equity instrument in the accounts.

25. ACCRUED EXPENSES

Group

	2012	2011
Accrued personnel costs	434	280
Accrued audit costs	220	150
Accrued interest costs	96	–
Other accrued costs	179	135
Total	**929**	**565**

Parent company

	2012	2011
Accrued personnel costs	307	79
Accrued audit costs	150	150
Accrued interest costs	96	–
Other accrued costs	151	78
Total	**704**	**307**

26. CASH FLOWS FROM OPERATING ACTIVITIES

Group

	2012	2011
Result before tax	48,111	-12,030
Adjustments for non-cash influencing items:		
Change in real value in biological assets	-73,747	-2,728
Unitholders part of change in real value of biological assets	9,253	3,409
Decrease in provisions	-402	-461
Depreciation	1,710	987
Write-down of receivables	243	–
Capital loss on machinery and equipment	254	4
Capital gain on live-stock	–	-256
Unrealized exchange loss	151	–
Interest income	-143	-233
Interest expenses	880	317
Cash flows from operating activities	**-13,679**	**-10,991**

Parent company

	2012	2011
Result before tax	-6,674	-5,275
Adjustments for non-cash influencing items:		
Depreciation	266	286
Write-down of receivables	853	2,386
Unrealized exchange loss/gain	4,701	-1,840
Interest income	-143	-233
Interest expenses	283	–
Cash flows from operating activities	**-714**	**-4,676**

27. TRANSACTIONS WITH RELATED PARTIES

Transactions with other companies in which senior executives at Forwood AB have an influence have amounted to the following:

Group / Parent company

		2012	2011
Lehtonen Konsult AB	Accounting services	*	159
	Administration services	*	50
	Administration services	*	61
Teak Invest Svenska AB	Administration services	*	62
Advokatbyrån Eriksson & Bengtsson AB	Legal services	–	45
ADCetA Partners AB	Disbursement	18	10

* As of 2012, Lehtonen Konsult AB and Teak Invest Svenska AB will no longer be considered related parties.

The above figures relate to transactions besides those specified in Note 6 Human resources and payroll expenses. Transactions with related parties are priced on an arm's length basis.

Parent

	2012	2011
Purchases from group companies	–	–
Sales to group companies	3,761	88

28. EVENTS FOLLOWING THE END OF THE STATEMENT PERIOD

There has been a lot of activity with the contracting assignments since the end of the year. Thinning operations are currently taking place in the Darién area. The convertible bond issue has undergone final registration.

Signing of Annual Report

Gothenburg March 15, 2013

Rolf Eriksson
Chairman

Anders Karlsson
Director and CEO

Oscar Grön
Board member

Lars Appelgren
Board member

Tommy Marklund
Board member

Our audit report was issued March 20, 2013
PricewaterhouseCoopers AB

Claes Thimfors
Certified accountant

Auditor's report

To the annual meeting of the shareholders of Forwood AB (publ.), corporate identity number 556271-9228

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of Forwood AB for the year 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 21–58.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts
The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards , as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Forwood AB for the year 2012.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions
We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Gothenburg March 20, 2013

PricewaterhouseCoopers AB

Claes Thimfors
Authorized Public Accountant

Board of Directors and senior executives

Rolf Eriksson
Chairman

Born	1949
Chairman since	2009
Shares	653 556 Shares type B
Convertibles	None

Rolf Eriksson, Bachelor of Arts in Legal Science 1976 from Lund University. Since then, Eriksson was played an active part in the District Court and the Swedish enforcement service until 1988, when he helped to build up a branch of Ackordscentralen in Borås. Eriksson worked there as an office manager/trustee in bankruptcy until November 1994, when he started work at Rosengrens Advokatbyrå in Borås. Eriksson became a member of the Swedish Bar Association in the autumn of 1996, after which he founded Rolf Erikssons Advokatbyrå AB in 1997. A year later saw the founding of Advokatbyrån Eriksson & Bengtsson AB, where he is still an active co-owner. His business areas include business law, corporate law, mergers and acquisitions, insolvency law, company reorganisations and directorships.

Anders Karlsson
Director and CEO

Born	1955
Director and CEO since	2010/2011
Shares	50 001 Shares type B
Convertibles	8 333

Anders Karlsson has a degree in business administration from the School of Business, Economics and Law in Gothenburg and has extensive experience of senior positions at international companies. Karlsson has formerly worked as Deputy Managing Director and CFO for Sandvik Coromant AB, CFO for Sandvik Tooling and CFO for Mölnlycke Health Care AB. Karlsson has built up a consultancy business of his own over the last few years, with customers in a number of different industries. He also holds a number of directorships and is the Chairman of CEJN AB and Nordifa AB.

Lars Appelgren
board member

Born	1949
Board member since	2011
Shares	None
Convertibles	None

Lars Appelgren has spent most of his professional life working internationally with forest products at Ekman & Co, which has its registered office in Gothenburg. With suppliers all over the world and sales focusing on the Middle East and Asia, Appelgren has extensive, in-depth experience of international business. He has held directorships at many Ekman subsidiaries and joint ventures, and has spent the last five years working as a sales and marketing consultant for his own company.

Oscar Grön
board member

Born	1960
Board member since	2006
Shares	36 000 Shares type B
Convertibles	6 000

Oscar Grön is a naval officer and holds various managerial positions as a site manager, managing director, director and chairman. He has an Executive MBA specialising in global business from Copenhagen Business School, where he studied from 2001 to 2003, and he is the owner and Managing Director of TOAB Miljö AB, which trades in the construction and HVAC industry. Grön has worked actively in the Baltic States and the former Eastern Europe for many years.

Tommy Marklund
board member

Born	1948
Board member since	2011
Shares	None
Convertibles	None

Tommy Marklund has extensive experience of the finance industry and has worked as the Head of Investment Banking at Gota Bank, among other things. Marklund has run his own business in the fields of corporate finance, private equity and securities administration for many years. Aragon Fondkommission, Consafe Venture, Beijer Invest, Emil Lundgren and Active are among his previous clients and directorships. Current directorships: Rasta Group AB (First North), Yield AB (AktieTorget).

Notes

FORWOOD

HEADQUARTERS

Forwood AB

Storgatan 11

411 24 Gothenburg, Sweden

Tel: +46 31 10 71 00

E-mail: info@forwood.se

www.forwood.se

MANAGEMENT & SALES OFFICES

Forwood Forestry Panama S.A.

Torre Global Bank Nueva

Calle 50, Oficina 1701

Panamá City, Panamá

Tel: +507 340 3900

Fax: +507 340 3905

E-mail: sales.panama@forwood.com