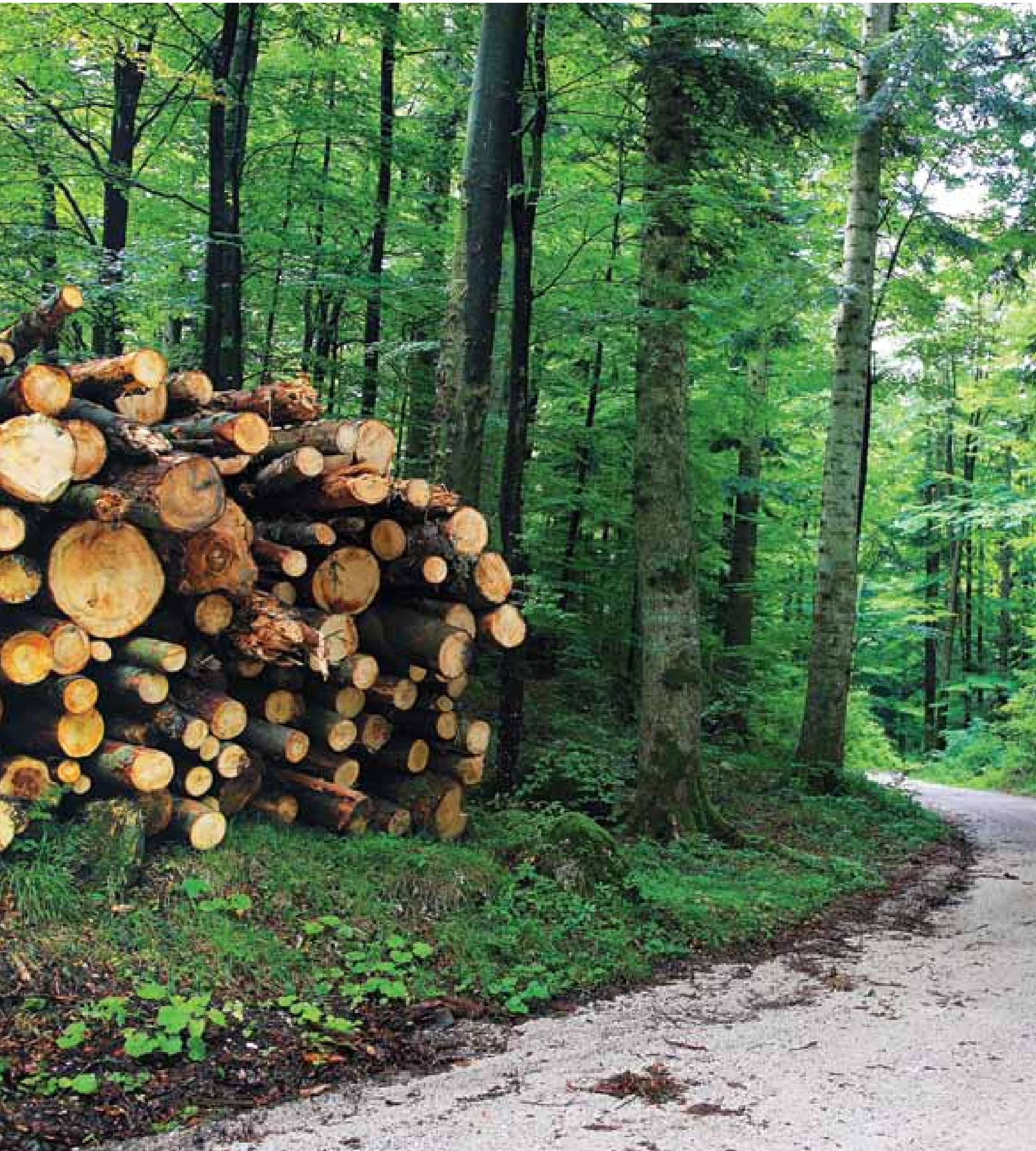
Cambium Global Timberland Limited

Unaudited condensed consolidated interim report and financial statements
for the six months ended 31 October 2011
Registration number: 95719

CAMBIUM



About us

The Company is invested in forest properties in developed as well as developing timber markets. The portfolio currently provides access to timber markets in North America, South America, Asia and Australia.

Highlights

- Began the 2012 planting operations in Brazil with a target to plant 3,700 acres
- Completed a successful trial shipment of logs from Hawaii to China
- Increasing contribution to value from biological growth as timber matures

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Chairman's statement

The portfolio as constructed provides balanced global exposure to a variety of end-use markets

Cambium's goal is to provide investors with a total return from a diversified timberland portfolio. The period covered by these financials was a difficult one for many timberland owners including Cambium Global Timberland Limited. The Company's net asset value ("NAV") as of 31 October 2011 was 71 pence per share compared to 78 pence per share at 30 April 2011. A dividend of 3 pence per share was paid during the period. Returns for the period were -5.9%.

The negative impact of revaluations on the appraised value of the portfolio contributed -4.9% of attribution to the return. Primary drivers were an adjustment in the value of the Corrigan property in the United States due to loss from fire, timber value of the remaining property in the United States and land prices in Brazil. A portion of the unplanted land in Brazil appraised down during the period. The land price was influenced by a shift from an agricultural valuation on the land to a timberland valuation. The land still stands at a premium to the cost basis. As discussed previously, the valuations of the recent plantings in Brazil continue to trail the costs, but the older plantations are experiencing value accretion. We are planting approximately 3,700 acres in Brazil this year to bring us to 68% planted. The properties in Hawaii and in Australia performed well and as expected.

We announced entering into a purchase and sale agreement on 1 June 2011 for the Corrigan property at a US$1.4 million premium to the US$11.1 million 30 April 2011 NAV valuation. During the week of 18 June 2011 the property was impacted by fire. In the annual results we estimated an adjustment to the US$12.5 million purchase price of 8–10%. We are currently negotiating the purchase price adjustment with the buyer. In these interim financial statements the property has been written down to US$8.6 million. With approximately US$500,000 in salvage harvest since the year end this results in a downward adjustment of approximately US$2.0 million from the year-end valuation of US$11.1 million. We continue in good faith to negotiate with the buyer to determine the purchase price adjustment and do not anticipate a further reduction in value.

As was communicated previously, the Company is no longer hedging the effect of foreign exchange rates on the NAV. During the period covered by these interim reports Sterling appreciation contributed -0.5% of attribution to the return. Company-level expenses contributed -0.8% and share repurchases were accretive by 0.3%.

During the period the Company bought back 1,150,000 shares. The Board and the Investment Manager believe that the shares represent value and continue to be concerned about the share price. The Board will continue to consider the pragmatic use of buy-back powers subject to the liquidity needs of the Company.

As we have done in the past, we will announce the dividend for the Company with the annual report. It is the anticipation of the Board that we will maintain the dividend at the current level subject to unforeseen circumstances.

The Board and the Investment Manager are optimistic that timberland is and will remain an attractive asset class. The portfolio as constructed provides balanced global exposure to a variety of end-use markets. The portfolio continues to mature with maturing timber, particularly in Brazil, and corresponding biological growth will become more of an influence in the future.

Donald Adamson
Chairman
20 January 2012

Investment Manager's report

The portfolio continues to mature and the fundamentals of timberland ownership that were identified at the outset remain true

The most significant activity during the period covered by these financial statements occurred with the Corrigan property located in East Texas. We had been marketing the property for sale and a purchase price was agreed upon at a US$1.4 million premium to the appraised value as of 30 April 2011. We announced the purchase and sale agreement on 1 June 2011. In mid-June we experienced a significant fire on the property. The "Bearing" fire impacted approximately 18,500 acres of timberland in East Texas and is considered the largest fire in history for this region. The 7,270 acre Corrigan property had approximately 3,500 acres impacted by this fire. Following the fire, the focus was to salvage as much value as possible from the damaged area. During the period we salvaged 110,000 tonnes of various timber products. Approximately 66% of the total damaged timber was salvaged. It is uneconomic to salvage the remaining timber.

The purchase and sale agreement with the buyer has provisions for purchase price adjustments due to casualty loss. We are currently negotiating the purchase price adjustment with the buyer. The value reduction due to the fire damage results in returns of -12.5% from 30 April 2011. We continue in good faith to negotiate with the buyer to determine the purchase price adjustment. While the outcome of these negotiations is not currently known we anticipate having a resolution to this matter by the year end. In these interim financial statements we have valued the property at what we believe a third-party appraiser would determine after the mortality due to the fire and salvage operations in the absence of a purchase and sale agreement.

Hawaii

The two properties in Hawaii represent 11% of the NAV of the Company. The NAV of the properties in Hawaii increased 4.1% during the period. Returns during the period were primarily driven by the biological growth of the standing timber.

The performance of the properties continues to benefit from wood demand in Asia. In June we shipped logs from Hawaii to various end users in China for testing in veneer and solid-wood mills. We followed this up with a marketing trip in August to meet with these end users and to understand how the Hawaii logs could fit in their log supply. We are currently working through a plan that includes improving harvesting roads, developing logging capacity and working with the port authorities to begin exporting logs in calendar year 2013.

We anticipate biological growth to continue to be NAV accretive in the short term. Third-party appraisers' views of stumpage prices become more important to valuation as we approach harvest.

Australia

The property in Australia represents 9% of the NAV of the Company. The NAV of the property increased 1.9% during the period. Returns during the period were primarily driven by the growth of the 5,486 acres of planted forests. Underlying land prices for the period were unchanged. We anticipate continuing to have modest NAV accretion from the property as the planted timber continues to mature.

North America

Approximately 39% of the value of the portfolio is located in North America. During the first half of the year the North America NAV declined by 9.6%. The South Atlantic states property experienced a decline of 7.2% in NAV for the period. Land prices on the property remained unchanged for the period; however, there was a softening in the hardwood pulpwood markets that negatively impacted the valuations. We do not foresee additional softening in this market. Land price stabilisation is positive for the geography. During this period the South Atlantic states property generated revenue of US$551,000 primarily from timber harvests and lease income.

Investment Manager’s report
continued

While timber markets remain difficult we are seeing signs of recovery

North America continued
The primary end-use market served by our properties in the United States is domestic housing. New housing construction markets have shown signs of improvement in recent months with November’s annualised housing starts rate at 685,000 compared to 2010’s overall total of 587,000. The recent gains in homebuilding have been led by construction of apartments and other multifamily dwellings as foreclosures on existing houses has turned more housing seekers into renters rather than buyers.

We believe that timberland prices in the United States have stabilised and are showing signs of improvement. Valuations in the short term will be impacted by timber price changes and influenced by the housing market in the United States.

Brazil
Property in Brazil is currently the largest allocation of the Company representing 41% of the NAV. The property is located in the states of Minas Gerais and Tocantins. Returns for the geography were -6.9% during the period. Returns during the period were influenced most heavily by a reduction in land prices. The standing value of the timber plantations continued to grow biologically and in value during the period.

Currently 14,900 acres are planted, representing 51% of the plantable acreage. We recently visited the forests in Brazil. The plantations are growing as expected and the portions of the forest that are 2.5 years of age are between 40 and 45 feet in height.

During the period we prepared 3,700 acres for planting. At the end of this year’s planting we will be 64% complete. We plan to complete the planting during next year’s planting season.

The timber value of the plantations in Brazil is now 36% timber, with 64% in the underlying land assets. With continued planting and the biological growth of the trees, the timber value will quickly dominate the valuations in Brazil. Over the next few appraisal cycles valuations will continue to be sensitive to land value movements. As the timber value grows in importance valuations will be most influenced by biological growth and timber prices.

While timber markets remain difficult we are seeing signs of recovery. The stabilisation of land prices in the United States that we saw during this period is positive for the portfolio. The housing market in the United States remains soft, but housing starts and construction continue to steadily improve. Log markets in Asia continue to grow and influence global timber markets.

Our property is positioned to benefit from the continued growth of fibre demand in Brazil. The portfolio continues to mature and the fundamentals of timberland ownership that were identified at the outset remain true.

We look forward to providing you with an update at the year end.

CP Cogent Asset Management LP
Investment Manager
20 January 2012

Unaudited condensed consolidated interim statement of comprehensive income

for the six months ended 31 October 2011

	Notes	**For the six months ended 31 October 2011 Unaudited £**	For the six months ended 31 October 2010 Unaudited £
Revenue	4	**716,685**	769,769
Cost of sales		**(345,371)**	(589,213)
Gross profit		**371,314**	180,556
Profit on sale of investment property and plantations	11	**14,452**	132,843
Decrease in fair value of investment property and plantations	12	**(1,326,115)**	(2,541,145)
Impairment loss on plantations due to fire damage	12,13	**(1,536,606)**	—
		(2,848,269)	(2,408,302)
Administrative expenses	5	**(739,893)**	(844,011)
Other operating forestry expenses		**(1,317,821)**	(1,573,445)
Revaluation of buildings, plant and equipment	14	**(85,471)**	—
Profit on sale of fixed assets		**—**	18,097
		(2,143,185)	(2,399,359)
Operating loss		**(4,620,140)**	(4,627,105)
Loss on foreign currency options		**—**	(952,036)
Finance income	6	**38,500**	20,522
Finance costs	7	**(278,195)**	(339,053)
Net foreign exchange loss		**(71,759)**	(223,323)
Net finance expense		**(311,454)**	(1,493,890)
Loss before taxation		**(4,931,594)**	(6,120,995)
Taxation credit/(charge)		**377,998**	(266,960)
Loss for the period attributable to shareholders		**(4,553,596)**	(6,387,955)
Other comprehensive income			
Foreign exchange losses on translation of foreign operations		**(373,882)**	(2,037,538)
Revaluation of buildings, plant and equipment taken to revaluation reserve		**(6,603)**	—
Disposal of intangible asset to revaluation reserve		**—**	(54,885)
		(380,485)	(2,092,423)
Total comprehensive loss for the period		**(4,934,081)**	(8,480,378)
Basic and diluted loss per share	9	**(4.39) pence**	(6.13) pence

All items in the above statement are derived from continuing operations. All income is attributable to the equity holders of the Parent Company. There are no minority interests.

The notes on pages 9 to 23 form an integral part of these unaudited condensed consolidated interim financial statements.

Our year

Financial statements

Unaudited condensed consolidated interim statement of financial position

at 31 October 2011

	Notes	**31 October 2011 Unaudited £**	30 April 2011 Audited £	31 October 2010 Unaudited £
Non-current assets				
Investment property	12	**41,028,294**	43,838,060	53,898,824
Plantations	12	**37,428,194**	36,308,775	35,355,414
Buildings, plant and equipment	14	**215,764**	139,423	131,165
Deferred tax assets		**5,976**	7,768	4,117
		78,678,228	80,294,026	89,389,520
Current assets				
Cash and cash equivalents	17	**8,188,534**	14,566,269	8,039,509
Trade and other receivables	15	**893,455**	2,898,127	163,005
Financial assets at fair value through profit and loss		**—**	—	4,128,837
		9,081,989	17,464,396	12,331,351
Total assets		**87,760,217**	97,758,422	101,720,871
Current liabilities				
Trade and other payables	18	**1,309,872**	1,688,291	1,936,001
Tax payable		**11,974**	238,357	—
		1,321,846	1,926,648	1,936,001
Non-current liabilities				
Deferred tax liabilities		**4,623,515**	4,785,470	4,182,365
Bank loan	16	**9,025,996**	9,577,445	12,173,263
		13,649,511	14,362,915	16,355,628
Total liabilities		**14,971,357**	16,289,563	18,291,629
Net assets		**72,788,860**	81,468,859	83,429,242
Equity				
Stated capital	20	**2,000,000**	2,000,000	2,000,000
Distributable reserve	21	**89,060,782**	92,806,700	92,806,700
Translation reserve	21	**18,835,601**	19,209,483	18,388,805
Revaluation reserve	21	**—**	6,603	6,603
Retained loss		**(37,107,523)**	(32,553,927)	(29,772,866)
Total equity		**72,788,860**	81,468,859	83,429,242
Net asset value per share	10	**0.71**	0.78	0.80

These financial statements were approved and authorised for issue on 20 January 2012 by the Board of Directors.

Donald Adamson
Director

Martin Richardson
Director

The notes on pages 9 to 23 form an integral part of these unaudited condensed consolidated interim financial statements.

Unaudited condensed consolidated interim statement of changes in equity

for the six months ended 31 October 2011

For the six months ended 31 October 2011 (unaudited)

	Stated capital £	Distributable reserve £	Translation reserve £	Revaluation reserve £	Retained earnings £	Total £
At 30 April 2011	**2,000,000**	**92,806,700**	**19,209,483**	**6,603**	**(32,553,927)**	**81,468,859**
Loss for the period	—	—	—	—	(4,553,596)	(4,553,596)
Revaluation of buildings, plant and equipment	—	—	—	(6,603)	—	(6,603)
Foreign exchange movement	—	—	(373,882)	—	—	(373,882)
Total comprehensive income for the period	—	—	(373,882)	(6,603)	(4,553,596)	(4,934,081)
Dividends	—	(3,123,900)	—	—	—	(3,123,900)
Share buy-back (note 19)	—	(622,018)	—	—	—	(622,018)
At 31 October 2011	**2,000,000**	**89,060,782**	**18,835,601**	**—**	**(37,107,523)**	**72,788,860**

For the six months ended 31 October 2010 (unaudited)

	Stated capital £	Distributable reserve £	Translation reserve £	Revaluation reserve £	Retained earnings £	Total £
At 30 April 2010	**2,000,000**	**95,930,600**	**20,426,343**	**61,488**	**(23,384,911)**	**95,033,520**
Loss for the period	—	—	—	—	(6,387,955)	(6,387,955)
Loss on sale of intangible asset	—	—	—	(54,885)	—	(54,885)
Foreign exchange movement	—	—	(2,037,538)	—	—	(2,037,538)
Total comprehensive income for the period	—	—	(2,037,538)	(54,885)	(6,387,955)	(8,480,378)
Dividends	—	(3,123,900)	—	—	—	(3,123,900)
At 31 October 2010	**2,000,000**	**92,806,700**	**18,388,805**	**6,603**	**(29,772,866)**	**83,429,242**

The notes on pages 9 to 23 form an integral part of these unaudited condensed consolidated interim financial statements.

Unaudited condensed consolidated interim statement of cash flows

for the six months ended 31 October 2011

	Notes	**For the six months ended 31 October 2011 Unaudited £**	For the six months ended 31 October 2010 Unaudited £
Cash flows from operating activities			
Operating loss for the period		**(4,620,140)**	(4,627,105)
Adjustments for:			
Decrease in fair value of investment property and plantations	12	**1,326,115**	2,541,145
Impairment loss on plantations due to fire damage	12,13	**1,536,606**	—
Profit on sale of land and plantations	11	**(14,452)**	(132,843)
Depreciation	14	**864**	884
Revaluation of buildings, plant and equipment	14	**85,471**	—
Profit on sale of fixed assets		**—**	(18,097)
Decrease in trade and other receivables		**2,004,512**	376,124
(Decrease)/increase in trade and other payables		**(378,419)**	330,099
Net cash used in operating activities		**(59,443)**	(1,529,793)
Cash flows from investing activities			
Cost capitalised to plantations	12	**(2,052,992)**	(1,513,630)
Net proceeds from sale of land and plantations	11	**153,626**	987,031
Net proceeds from sale of property, plant and equipment		**—**	311,174
Net proceeds from sale of intangible asset		**—**	57,476
Gain on options		**—**	172,800
Options acquired		**—**	(3,958,746)
Net cash used in investing activities		**(1,899,366)**	(3,943,895)
Cash flows from financing activities			
Bank loan (repaid)/taken out		**(919,197)**	12,408,678
Share buy-back		**(622,018)**	—
Dividend paid	8	**(3,123,900)**	(3,123,900)
Finance income	6	**38,500**	20,522
Finance costs		**(264,437)**	(574,468)
Net cash (used in)/from financing activities		**(4,891,052)**	8,730,832
Net (decrease)/increase in cash and cash equivalents		**(6,849,861)**	3,257,144
Foreign exchange movements		**472,126**	1,694,951
Balance at the beginning of the period		**14,566,269**	3,087,414
Balance at the end of the period		**8,188,534**	8,039,509

The notes on pages 9 to 23 form an integral part of these unaudited condensed consolidated interim financial statements.

Notes to the unaudited condensed consolidated interim financial statements

for the six months ended 31 October 2011

1 General information

The Company and its subsidiaries, including special purpose vehicles ("SPV") controlled by the Company (together the "Group"), were established to invest in a global portfolio of forestry-based properties that can be managed on an environmentally and socially sustainable basis. Assets may be managed for timber production, environmental credit production or both. As at the interim date, the Group owned forestry assets located in Australia, Brazil, Hawaii and the southern United States.

The Company is a closed-ended company with limited liability, incorporated in Jersey, Channel Islands on 19 January 2007. The address of its registered office is 26 New St, St Helier, Jersey JE2 3RA.

These financial statements were approved and authorised for issue on 20 January 2012 and signed by Donald Adamson and Martin Richardson on behalf of the Board.

The Company has a dual listing on AIM, a market of the London Stock Exchange, and on CISX.

2 Basis of preparation

The unaudited condensed consolidated interim financial information included in the half-year report for the six months ended 31 October 2011 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". It does not include all of the information required for full annual financial statements. The half-year report should be read in conjunction with the Group's annual report and financial statements for the year ended 30 April 2011, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The extra column of comparatives for the half-year ended 31 October 2010 in the statement of financial position is an AIM requirement and notes to these accounts are not required.

Except as described below, the accounting policies applied by the Group in these unaudited condensed consolidated interim financial statements (the "interim financial statements") are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 April 2011.

The interim financial statements have been prepared in Sterling, which is the presentational currency of the Group, and under the historical cost convention, except for investment property, plantations, buildings, intangible assets and certain financial instruments, which are carried at fair value.

The preparation of the interim financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on the Directors' best judgement at the reporting date, deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

In preparing the interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 April 2011.

Notes to the unaudited condensed consolidated interim financial statements

for the six months ended 31 October 2011 continued

2 Basis of preparation continued

The following significant exchange rates applied during the periods:

	31 October 2011 Closing rate	**31 October 2011 Average rate**	30 April 2011 Closing rate	30 April 2011 Average rate
Australian Dollar	**1.5277**	**1.5358**	1.5230	1.6958
Brazilian Real	**2.7625**	**2.6498**	2.6322	2.6898
Hungarian Forint	**353.9910**	**314.5450**	298.0690	332.0582
New Zealand Dollar	**1.9941**	**1.9731**	2.0628	2.1358
United States Dollar	**1.6087**	**1.6111**	1.6707	1.5304

New accounting policies effective and adopted

The following amended Standard has been applied in these interim financial statements:

- IAS 24 (amended) "Related Party Disclosures" (effective for periods commencing on or after 1 January 2011).

In addition the International Accounting Standards Board's ("IASB") annual improvements project of 2010 amended a number of existing Standards with effect from 1 January 2011, none of which has had a material impact on the Group.

At the date of authorisation of these interim financial statements, the following Standards, which have not been applied in these interim financial statements, were in issue but not yet effective:

- IAS 1 (amended) "Presentation of Financial Statements" (effective for periods commencing on or after 1 July 2012);
- IAS 12 (amended) "Income Taxes" (effective for periods commencing on or after 1 January 2012);
- IAS 19 (amended) "Employee Benefits" (effective for periods commencing on or after 1 January 2013);
- IAS 27 (amended) "Separate Financial Statements" (effective for periods commencing on or after 1 January 2013);
- IAS 28 (amended) "Investments in Associates and Joint Ventures" (effective for periods commencing on or after 1 January 2013);
- IFRS 7 (amended) "Financial Instruments: Disclosures" (effective for periods commencing on or after 1 July 2011);
- IFRS 9 "Financial Instruments – Classification and Measurement" (effective for periods commencing on or after 1 January 2013);
- IFRS 10 "Consolidated Financial Statements" (effective for periods commencing on or after 1 January 2013);
- IFRS 11 "Joint Arrangements" (effective for periods commencing on or after 1 January 2013);
- IFRS 12 "Disclosure of Interest in Other Entities" (effective for periods commencing on or after 1 January 2013); and
- IFRS 13 "Fair Value Measurement" (effective for periods commencing on or after 1 January 2013).

2 Basis of preparation continued

The Directors anticipate that the adoption of these Standards in future periods will have no material impact on the financial statements of the Group except as follows:

- IFRS 9 "Financial Instruments – Classification and Measurement" will introduce new requirements for classifying and measuring financial assets; and
- IFRS 13 "Fair Value Measurement" will set out a revised framework for measuring fair value.

3 Operating segments

The Board of Directors is charged with setting the Company's investment strategy in accordance with the Prospectus. The Board of Directors is the Chief Operating Decision Maker ("CODM"). It has delegated the day to day implementation of this strategy to its Investment Manager but retains responsibility to ensure that adequate resources of the Company are directed in accordance with its decisions. The investment decisions of the Investment Manager are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Board.

The Investment Manager has been given full authority to act on behalf of the Company for transactions of up to 10% of the Group's NAV, including the authority to purchase and sell timberland and other investments on behalf of the Company and to carry out other actions as appropriate to give effect thereto. Whilst the Investment Manager may make the investment decisions on a day to day basis regarding the allocation of funds to different investments, any changes to the investment strategy or major allocation decisions have to be approved by the Board, even though they may be proposed by the Investment Manager.

The Board therefore retains full responsibility as to the major allocation decisions made on an ongoing basis.

The Investment Manager will always act under the terms of the Prospectus, which cannot be radically changed without the approval of the Board of Directors and shareholders. Details of the investment restrictions are set out in part 3 of the Admission Document and the Investment Strategy, available on www.cambiumfunds.com.

The Group operates in four distinctly separate geographical locations, which the CODM identified as operating segments, and one non-operating segment, Jersey. Timberlands are located in New South Wales (Australia), Texas, north-western Florida and south-western Georgia (United States), Hawaii and Brazil.

31 October 2011	**Jersey £**	**New Zealand £**	**Australia £**	**North America £**	**Hawaii £**	**Brazil £**	**Total £**
Total assets	**3,647,681**	**28,284**	**8,629,420**	**30,050,335**	**10,824,241**	**34,580,256**	**87,760,217**
Total liabilities	**78,428**	**15,619**	**1,231,907**	**9,932,722**	**1,506,622**	**2,206,059**	**14,971,357**

30 April 2011	Jersey £	New Zealand £	Australia £	North America £	Hawaii £	Brazil £	Total £
Total assets	9,177,484	3,929,610	7,832,040	31,727,262	9,224,935	35,867,091	97,758,422
Total liabilities	112,151	632,394	940,693	10,328,347	969,700	3,306,278	16,289,563

Notes to the unaudited condensed consolidated interim financial statements

for the six months ended 31 October 2011 continued

3 Operating segments continued

31 October 2011	Jersey £	New Zealand £	Australia £	North America £	Hawaii £	Brazil £	Total £
Segment revenue	—	—	**18,991**	**690,871**	—	**6,823**	**716,685**
Segment gross profit	—	—	**18,991**	**345,500**	—	**6,823**	**371,314**
Increase/(decrease) in fair value of investment property and plantations	—	—	**350,608**	**(279,505)**	**1,104,836**	**(2,502,054)**	**(1,326,115)**
Forestry expenses	—	—	**103,693**	**483,828**	**225,692**	**504,608**	**1,317,821**

31 October 2010	Jersey £	New Zealand £	Australia £	North America £	Hawaii £	Brazil £	Total £
Segment revenue	—	1,171	—	695,139	73,459	—	769,769
Segment gross profit	—	1,171	—	105,926	73,459	—	180,556
Increase/(decrease) in fair value of investment property and plantations	—	655,479	(466,588)	(1,570,889)	(1,110,790)	(48,357)	(2,541,145)
Forestry expenses	—	26,764	220,461	434,148	184,195	707,877	1,573,445

The Group owns nine distinct parcels of land across four main geographical areas.

The Group owns approximately 16,500 acres in Ashford, New South Wales, Australia. This land was previously being used for cattle grazing and is now being planted with high-value commercial and non-commercial species with a view to longer-term revenue from plantations and exposure to potential environmental markets.

The second strategy consists of buying established plantations in the southern United States. Established plantations with a balanced age class distribution are suitable for long and short-term sustainable yield. Marketable products include sawtimber and pulp, which can be sold into healthy forest product markets that exist in this area. These properties also generate revenue from hunting leases and non-strategic land sales. After a small land sale completed during the period, the Group owns 7,270 acres of land in Texas and another 28,800 acres of land spread across Florida and Georgia dedicated to this strategy.

3 Operating segments continued

The third investment strategy involves the development of fast-growth eucalyptus plantations to serve either export log markets in Asia or developing markets in Hawaii. The Group has a leasehold interest in two plantations on the Big Island of Hawaii dedicated to this strategy. Pahala consists of 3,350 acres and Pinnacle approximately 4,725 acres of maturing eucalyptus trees.

The Group has a fourth investment strategy of converting bare land to eucalyptus plantation for conversion to charcoal to serve pig iron markets or for emerging pulp and paper markets in Brazil. The Group owns one property in Tocantins, Brazil of approximately 25,600 acres and three properties in Minas Gerias, Brazil totalling 29,400 acres dedicated to this strategy. It is anticipated that the eucalyptus will be grown on a rotation length of seven years.

4 Revenue

	31 October 2011 £	31 October 2010 £
Sales – harvested timber and stumpage	**637,946**	677,123
Lease income	**78,739**	92,646
	716,685	769,769

5 Administrative expenses

	31 October 2011 £	31 October 2010 £
Investment Manager's fees	**411,098**	472,344
Directors' fees	**57,500**	57,500
Auditor's fees	**39,295**	29,248
Other professional fees	**135,767**	174,933
Administration of subsidiaries	**96,233**	109,986
	739,893	844,011

Administration of subsidiaries includes statutory fees, accounting fees and administrative expenses in regards to asset holding subsidiaries.

Notes to the unaudited condensed consolidated interim financial statements
for the six months ended 31 October 2011 continued

6 Finance income

	31 October 2011 £	31 October 2010 £
Bank interest	**38,500**	20,522

7 Finance costs

	31 October 2011 £	31 October 2010 £
Bank interest paid	**96**	3,230
Interest paid on bank loan and amortisation of loan arrangement fee	**278,099**	335,823
	278,195	339,053

8 Dividend

Dividend reference period	Shares	Dividend per share £	Paid £	Date
2008	104,350,000	0.03	3,130,500	24/09/2008
2009	104,350,000	0.03	3,130,500	30/09/2009
2010	104,130,000	0.03	3,123,900	20/10/2010
2011	**104,130,000**	**0.03**	**3,123,900**	**20/10/2011**

9 Basic and diluted loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	31 October 2011 £	31 October 2010 £
Loss for the purposes of basic and diluted earnings per share being net loss for the period	**(4,553,596)**	(6,387,955)

Number of ordinary shares

Number of ordinary shares for basic and diluted loss per share:

	31 October 2011 £	31 October 2010 £
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**103,789,783**	104,130,000
Basic and diluted loss per share	**(4.39) pence**	(6.13) pence

10 Net asset value

	31 October 2011 £	31 October 2010 £
Total assets	**87,760,217**	97,758,422
Total liabilities	**(14,971,357)**	(16,289,563)
Net asset value	**72,788,860**	81,468,859
Number of shares in issue	**102,980,000**	104,130,000
Net asset value per share	**0.71**	0.78

Notes to the unaudited condensed consolidated interim financial statements

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11 Sale of land and plantations

	31 October 2011 £	31 October 2010 £
Proceeds from sale	**187,307**	1,019,748
Fair value brought forward	**(139,174)**	(854,188)
Costs to sell	**(33,681)**	(32,717)
Profit	**14,452**	132,843

The sale in the current year related to an area of 162 acres of planted land in Florida.

12 Investment property and plantations

31 October 2011	**Merchantable timber £**	**Pre-merchantable timber £**	**Total plantations £**	**Land £**	**Total £**
Fair value opening balance of plantations at 1 May 2011	**19,515,224**	**16,793,551**	**36,308,775**	**43,838,060**	**80,146,835**
Reclassification to buildings	**—**	**—**	**—**	**(175,731)**	**(175,731)**
Costs capitalised	**—**	**2,048,421**	**2,048,421**	**4,571**	**2,052,992**
Harvested timber	**(16,441)**	**—**	**(16,441)**	**—**	**(16,441)**
Disposal of timber	**(328,930)**	**—**	**(328,930)**	**—**	**(328,930)**
Disposal of plantation and land	**(69,296)**	**—**	**(69,296)**	**(69,878)**	**(139,174)**
	19,100,557	**18,841,972**	**37,942,529**	**43,597,022**	**81,539,551**
Fair value adjustments on price gains/(losses) on land and plantation	**690,691**	**(149,871)**	**540,820**	**(2,105,137)**	**(1,564,317)**
Fair value adjustments on growth gains on land and plantation	**238,202**	**—**	**238,202**	**—**	**238,202**
Fire, hazardous weather and other damages (impairment)	**(1,420,865)**	**(115,741)**	**(1,536,606)**	**—**	**(1,536,606)**
Decrease in fair value of investment property and plantations	**(491,972)**	**(265,612)**	**(757,584)**	**(2,105,137)**	**(2,862,721)**
Foreign exchange effect	**750,772**	**(507,523)**	**243,249**	**(463,591)**	**(220,342)**
Fair value as at 31 October 2011	**19,359,357**	**18,068,837**	**37,428,194**	**41,028,294**	**78,456,488**

12 Investment property and plantations continued

30 April 2011	Merchantable timber £	Pre-merchantable timber £	Total plantations £	Land £	Total £
Fair value opening balance of plantations at 1 May 2010	21,833,426	15,039,906	36,873,332	58,062,195	94,935,527
Reclassification of land	—	3,251,420	3,251,420	(3,251,420)	—
Costs capitalised	—	5,538,436	5,538,436	12,642	5,551,078
Harvested timber	(849,366)	—	(849,366)	—	(849,366)
Disposals	(3,532,639)	(4,555,188)	(8,087,827)	(8,936,575)	(17,024,402)
Transfer to merchantable timber	3,075,517	(3,075,517)	—	—	—
	20,526,938	16,199,057	36,725,995	45,886,842	82,612,837
Fair value adjustments on price gains/(losses) on land and plantation	1,636,429	477,661	2,114,090	(1,008,769)	1,105,321
Fair value adjustments on growth gains on land and plantation	1,282,532	—	1,282,532	—	1,282,532
Fire, hazardous weather and other damages (impairment)	(2,172,696)	—	(2,172,696)	—	(2,172,696)
Increase/(decrease) in fair value of investment property and plantations	746,265	477,661	1,223,926	(1,008,769)	215,157
Foreign exchange effect	(1,757,979)	116,833	(1,641,146)	(1,040,013)	(2,681,159)
Fair value as at 30 April 2011	19,515,224	16,793,551	36,308,775	43,838,060	80,146,835

No harvested timber was held at the end of the period (30 April 2011: £nil).

The land and plantations are carried at their fair value as at 31 October 2011, as measured by external independent valuers Timberland Appraisal Services LLC, Consufor Advisory & Research, URS Australia Pty Limited and Indufor Asia Pacific Limited. Each of the valuers uses similar methodologies, though this can vary depending on the type of investment and local practices.

The appraisal for the South Atlantic states property in the United States was undertaken by Timberland Appraisal Services LLC. The appraisal conforms to Uniform Standards of Professional Appraisal Practice in the United States. For this valuation, three valuation approaches were considered: the cost approach; the sales comparison approach; and the income approach. Each approach selected as being applicable and necessary to produce credible results is believed to have been applied appropriately.

Notes to the unaudited condensed consolidated interim financial statements

for the six months ended 31 October 2011 continued

12 Investment property and plantations continued

The properties in Hawaii, Pahala and Pinnacle, are leasehold interests without any ownership of the underlying land. These investments were valued by URS Australia Pty Limited in accordance with IFRS. For these valuations the sales comparison approach and the income capitalisation approach were considered. Each approach selected as being applicable and necessary to produce credible results is believed to have been applied appropriately.

Indufor Asia Pacific Limited valued the Tarrangower investment in Australia in a manner consistent with the local equivalent of IFRS. There is little comparable transaction evidence to determine the value of land for forestry purposes in the region. Therefore, Indufor has applied a combination of the cost approach and the income approach to value the assets.

The 3R Tocantins property in Brazil was valued by Consufor Advisory & Research. The method applied for the bare land appraisal was the sales comparison approach. The analysis considered the bare land price from comparable transactions, soil quality, topography of the land, access and distance from cities and the proportion of the property which could be used for cultivation. The method applied for valuing the young tree crop is based on the standard costs approach.

The three properties in Minas Gerias were valued by Consufor Advisory & Research by first determining the highest and best use of the subject property. This analysis helps the appraiser identify comparable properties and identify the use that would produce the maximum income to the property. After determining the best use of the subject property, the appraiser analysed the value of the property using the cost approach, the sales comparison approach and the income capitalisation approach.

The discount rates used in these appraisals range in value from 6% to 9.5%.

13 Impairment loss on plantations due to fire damage

The Company entered into a purchase and sale agreement on 1 June 2011 for the Corrigan property at a US$1.4 million premium to the 30 April 2011 NAV appraised value. While the property was under contract a significant fire occurred, which impacted about 48% of the property. The price adjustment due to the casualty loss is currently being negotiated between the Company and the buyer. In these interim financial statements the Corrigan property is shown at the value that the Investment Manager anticipates would be determined by a third-party appraiser. The valuation in the financial statements does not include any premium to NAV that was included in the purchase and sale agreement. The Company will continue to negotiate with the buyer in good faith to determine the purchase price adjustment.

14 Buildings, plant and equipment

31 October 2011	Furniture and fittings £	Buildings £	Improvements £	Motor vehicles £	Total £
Cost	**2,161**	**110,309**	**24,502**	**17,865**	**154,837**
Accumulated depreciation	**(545)**	**—**	**(8,087)**	**(6,782)**	**(15,414)**
Balance as at 30 April 2011	**1,616**	**110,309**	**16,415**	**11,083**	**139,423**
Movements					
Reclassification from land	**—**	**175,731**	**—**	**—**	**175,731**
Depreciation for the period	**(171)**	**—**	**—**	**(693)**	**(864)**
Impairment – charged to revaluation reserve	**—**	**(6,603)**	**—**	**—**	**(6,603)**
Impairment – charged to income statement	**—**	**(75,704)**	**(9,767)**	**—**	**(85,471)**
Foreign exchange effect	**(70)**	**(6,243)**	**(102)**	**(37)**	**(6,452)**
	(241)	**87,181**	**(9,869)**	**(730)**	**76,341**
Carrying value					
Balance as at 31 October 2011	**1,375**	**197,490**	**6,546**	**10,353**	**215,764**

30 April 2011	Furniture and fittings £	Buildings £	Improvements £	Motor vehicles £	Total £
Cost	2,118	355,284	62,342	15,699	435,443
Accumulated depreciation	(175)	—	—	(4,023)	(4,198)
Balance as at 30 April 2010	1,943	355,284	62,342	11,676	431,245
Movements					
Disposals	—	(253,601)	(47,210)	—	(300,811)
Depreciation for the year	(340)	—	—	(1,470)	(1,810)
Foreign exchange effect	13	8,626	1,283	877	10,799
	(327)	(244,975)	(45,927)	(593)	(291,822)
Carrying value					
Balance as at 30 April 2011	1,616	110,309	16,415	11,083	139,423

Notes to the unaudited condensed consolidated interim financial statements

for the six months ended 31 October 2011 continued

14 Buildings, plant and equipment continued

The buildings and improvements are carried at their fair value as at 31 October 2011, as measured by external independent valuers. The buildings and structural improvements have been valued separately from the plantation and land assets. The motor vehicles and furniture and fittings are carried at cost less accumulated depreciation.

Where appropriate, impairment has been recognised on buildings and improvements to bring the carrying value down to the fair value as calculated by the valuers.

15 Trade and other receivables

	31 October 2011 £	30 April 2011 £
Currency option receivable	—	2,302,797
Tax receivable	**268,005**	252,286
Trade receivables	**162,653**	66,793
Prepaid expenses	**428,724**	276,251
Other debtors	**34,073**	—
	893,455	2,898,127

16 Bank borrowings

	31 October 2011 £	30 April 2011 £
Metropolitan Life Insurance Company	**9,025,996**	9,577,445

The loan is secured on approximately 36,230 acres of timber and timberland assets located in multiple tracts in the states of Texas, Florida and Georgia. The fair value of these assets at the period end was £27,867,947.

The loan term is for ten years with an interest rate fixed at 5.75% over the life of the loan. The maturity date of the loan is 15 October 2020.

17 Cash and cash equivalents

	31 October 2011 £	30 April 2011 £
Cash held at bank	**8,188,534**	14,438,925
Cash held at broker	—	127,344
	8,188,534	14,566,269

18 Trade and other payables

	31 October 2011 £	30 April 2011 £
Accruals	**211,938**	250,703
Trade creditors	**376,845**	411,373
Retention monies held*	**350,306**	367,647
Deposit held**	**310,810**	—
Goods and services tax and withholding tax payable	—	658,568
Deferred income	**59,973**	—
	1,309,872	1,688,291

* The Company's Brazilian subsidiary, 3R Tocantins Florestais Ltda., has retained approximately 6% of the purchase price of the 3R Tocantins property for a period of five years to support any liability associated with the previous ownership.

** The Group has contracted to sell the land and plantations located in Texas. Under the terms of the contract the purchaser has paid a deposit in the sum of US$500,000.

Deferred income comprises timber sale proceeds received in advance.

19 Net asset value reconciliation

	£
NAV 30 April 2011	81,468,859
Foreign exchange losses on translation of foreign operations	(373,882)
Loss on revaluation of investment property and plantations	(1,326,115)
Impairment loss on plantations due to fire damage	(1,536,606)
Profit on sale of investment property and plantations	14,452
Finance costs	(278,195)
Revaluation reserve movement – impairment of buildings	(6,603)
Net foreign exchange loss	(71,759)
Loss before above items	(1,355,373)
Dividend paid	(3,123,900)
Share buy-back	(622,018)
NAV 31 October 2011	**72,788,860**

Notes to the unaudited condensed consolidated interim financial statements
for the six months ended 31 October 2011 continued

20 Stated capital

	31 October 2011 £	30 April 2011 £
Balance as at period end	**2,000,000**	2,000,000

The total authorised share capital of the Company is 250 million ordinary shares of no par value. On initial placement 104,350,000 ordinary shares were issued at 100 pence each. Ordinary shares carry no automatic rights to fixed income but the Company may declare dividends from time to time to which ordinary shareholders are entitled. Each share is entitled to one vote at meetings of the Company.

On 22 February 2007 a special resolution was passed by the Company to reduce the stated capital account from £104,350,000 to £2,000,000. Approval was sought from the Royal Court of Jersey and was granted on 29 June 2007. The balance of £102,350,000 was transferred to a distributable reserve on that date.

The Company was granted authority by shareholders on 15 August 2008 to make market purchases of its own shares, an authority which was renewed on 4 October 2010. Pursuant to this authority, during the period the Company has made the following purchases of its own shares for cancellation, the cost of which has been taken to the distributable reserve:

Date	Number of shares	Price	Total consideration £
19 August 2011	300,000	53.63 pence	160,891
2 September 2011	400,000	54.25 pence	217,001
23 September 2011	450,000	54.25 pence	244,126
Total	1,150,000		622,018

21 Reserves

The movements in the reserves for the Group are shown in the Statement of Changes in Equity.

Translation reserve

The translation reserve comprises exchange differences arising on consolidation of the Group's foreign operations.

Revaluation reserve

The revaluation reserve arises from the revaluation of intangible assets and buildings, plant and equipment.

Distributable reserve

The Company reduced its stated capital account and a balance of £102,350,000 was transferred to a distributable reserve. This reserve can be utilised if the Company wishes to purchase its own shares and for the payment of dividends.

22 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell net assets.

In order to ensure that the Group will be able to continue as a going concern, management continually monitors forecast and actual cash flows and attempts to match the maturity profiles of assets and liabilities.

23 Contingent liability

There is a security interest on the 3R Tocantins property to cover a liability, amounting to BRL 5.8 million (approximately £2.1 million), between the previous owners and Banco da Amazonia, a financial institution which lent money to the previous owners who used the property as collateral. 3R Tocantins Florestais Ltda. holds a security interest of superior value on another property of the previous owner to cover this potential liability in the event it materialises. The last valuation on the security interest property amounted to BRL 6.9 million (£2.5 million). The security interest the Company holds will only be released after Banco da Amazonia releases the security interest on the 3R Tocantins property.

24 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. CP Cogent Asset Management LP is the Investment Manager to the Company under the terms of the Investment Management Agreement and is thus considered a related party of the Company.

During the period, £411,098 (2010: £472,344) was paid to CP Cogent Asset Management LP in respect of management fees.

Colin McGrady is a director of CP Cogent Asset Management LP, which acts as Investment Manager. He is also a Director of the Company and has waived his Director's fees for the period.

The Directors of the Company received total fees as follows:

	31 October 2011 £	31 October 2010 £
Donald Adamson (Chairman)	**20,000**	20,000
Martin Richardson	**12,500**	12,500
Robert Rickman	**12,500**	12,500
William Spitz	**12,500**	12,500
Colin McGrady	**—**	—
	57,500	57,500

Key parties

Directors
Donald Adamson (Chairman)
Robert Rickman
William Spitz
Martin Richardson
Colin McGrady

Registered Office of the Company
26 New Street
St Helier
Jersey JE2 3RA

Registrar, Paying Agent and Transfer Agent
Capita Registrars (Jersey) Limited
PO Box 378
Jersey JE4 0FF

Sponsor to CISX Listing and Legal Adviser
Carey Olsen Corporate Finance Limited
44 Esplanade
St Helier
Jersey JE1 0BD

Nominated Adviser for AIM
PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT
United Kingdom

Corporate Broker
Matrix Corporate Capital LLP
One Vine Street
London W1J 0AH
United Kingdom

Investment Manager
CP Cogent Asset Management LP
2101 Cedar Springs Road
Suite 1200
Dallas, TX
75201
United States

Administrator and Company Secretary
Bedell Trust Company Limited
26 New Street
St Helier
Jersey JE2 3RA

Sub-Administrator
Praxis Fund Services Limited (from 1 May 2011)
PO Box 296
Sarnia House
St Peter Port
Guernsey GY1 4NA

Auditor
KPMG Channel Islands Limited
5 St Andrews Place
Charing Cross
St Helier
Jersey JE4 8WQ

Property Valuers
American Forest Management Inc.
Forest Resource Consultants
PO Box 1919
407 North Pike Road East
Sumter, SC
29151
United States

Consufor Advisory & Research
Rua Fagundes Varela
585 – Jardim Social
CEP 82520-040
Curitiba
Brazil

Timberland Appraisal Services LLC
441 Talking Water Way
Ellijay, GA
30536
United States

Indufor Asia Pacific Limited
L7, 55 Shortland St
PO Box 105039
Auckland City 1143
New Zealand

URS Australia Pty Limited
Level 6, 1 Southbank Boulevard
Southbank
VIC 3006
Australia

designed and produced by
the design portfolio
marketing services.
www.design-portfolio.co.uk

CAMBIUM

26 New Street
St Helier
Jersey JE2 3RA
Telephone +44 (0)1534 814814
www.cambiumfunds.com