**Cambium Global Timberland Limited (the "Company")**
**Publication of Unaudited Condensed Consolidated Interim Report**
**and Financial Statements for the six months ended 31 October 2012**

The Company announces that the Unaudited Condensed Consolidated Interim Report and Financial Statements for the six months ended 31 October 2012.


For further enquires please contact:
**Broker and Nominated Adviser**
Panmure Gordon & Co
Paul Fincham / Jonathan Becher
+ 44 (0) 207 886 2500

**Investment Manager**
CP Cogent Asset Management
Rich Standeven
+ 1 214 871 5400


## Contents



## Chairman's statement

The Company's net asset value ("NAV") as of 31 October 2012 is 62 pence per share compared to 67 pence per share at year end 30 April 2012. The NAV of the Company was primarily impacted by a reduction in timberland values and the impacts of currency during the period.

The negative impact of revaluations of the appraised value of the portfolio of approximately -4.2% over the six months was primarily due to a reduction of land value in Australia and an adjustment to one of the two properties in Brazil. The adjustment in Brazil was made for tree mortality that impacted 1,300 acres of plantation.

Sterling appreciation during the period covered by these accounts contributed -2.0% to the return and Company expenses -1.1%.

The age class of the portfolio continues to mature. This makes the portfolio relatively more attractive. With the exception of Tarrangower in Australia, each of the assets will begin generating significant cash flow within the next three years.

The strategic review announced on 8 June 2012 has been completed and the conclusions were announced on 30 November 2012. A separate letter to shareholders covering an EGM to vote on the detail of the strategic review proposals will be circulated simultaneously with these interim accounts.

The Board will aim to realise the assets of the Company in an orderly fashion seeking to maximise proceeds. Consideration will be given to disposal of individual properties or groups of properties in order to best realise their value.

The Board has noted that investor appetite for risk assets over the course of 2012 has increased and central banks in most major jurisdictions are running highly accommodative monetary policies. Recent Sterling weakness against most major currencies, if maintained, may produce a beneficial impact upon the Company's NAV in the future. The Board is therefore hopeful that this will provide a more positive background for the sale of the Company's assets.

**Donald Adamson**
**Chairman**
28 January 2013

## Investment Manager's report
For the six months ended 31 October 2012

Total returns during the period covered by these financial statements were -7.3%. Returns were impacted by land prices in Australia, an impairment charge in Brazil due to tree mortality and lower timber prices in all markets. Returns from the investment portfolio contributed -4.2% to the total return. There was positive movement during the period as the underlying land values of the US and Brazil assets improved. Additionally, the portfolio gained value from biological growth. Lumber prices, which serve as a leading indicator for log prices, improved in the US market as the housing market continues to recover.

Below is a summary of the results by each geographic area.

### North America
During the first six months of the year we completed the sale of approximately 13,800 acres in Florida at a small discount to the most recent appraised value. After the Florida land sale, the remaining North American timberlands represent approximately 15% of the total assets. The remaining 15,100 acres in Georgia are comprised of core investment grade timberlands that provide exposure to the recovering housing market in the United States.

During the period, total returns for the segment in local currency terms were -3.7%. Lower timber product prices for sawtimber and pulpwood were the key drivers for the negative result. However, finished product prices for lumber continue to improve as US housing recovers and we expect a modest recovery in timber prices to begin in 2013. The improvement in the underlying land values during the period of 1.3% is encouraging. The improvement in land value coupled with biological growth of the forest somewhat offset the decline in timber prices.

In addition to the land sale completed during the period, there have been several other transactions in the North America timberland markets. The timberland market in the United States remains the most liquid in the world with a number of dedicated Timberland Investment Management Organisations buying property.

### Hawaii
The properties in Hawaii represent 14% of the total assets. Total returns during the period were -4.2% in United States dollar terms. The decline in value was primarily due to lower export log prices to China. Due to the mature nature of the forest in Hawaii, asset values will remain sensitive to the current timber prices. Biological growth of the forests continues and will serve to dampen the volatility associated with export log prices.

The timberland markets in Hawaii are very small with only one other active commercial owner of timberland. Hawaii is a unique market for timberland ownership with particular operational challenges. Potential buyers are required to develop property management and harvesting infrastructure in order to extract value from the asset. The relatively mature age class of the asset could be appealing to timberland investors because of the ability to generate cash flow quickly.

### Australia
The Tarrangower property in Australia represents 10% of the total assets. Total returns during the period were -9.8% in Australian Dollar terms. The negative return was due to a decrease in the land value. An easement exists on part of the property as a result of a salinity grant that was previously received. The easement restricts the use of the property. The lack of a carbon market has caused a reduction in the appraised value of the land.

The long rotation length and corresponding time to cash flow absent a carbon market will be unattractive to many timberland investors. A high percentage of the property is unplanted and may sell to a non-timber buyer.

### Brazil
The properties in Brazil represent 48% of the value of the total assets. Total returns during the period were -1.7% in local currency terms. The loss was due to tree mortality on approximately 1,300 acres of two-year old trees at the 3R plantation in Brazil. A specific clonal variety planted at 3R failed and impacted about 12% of the planted acres. Other plantation owners in the area have had similar failed results with this specific clone. Additionally, timber prices weakened across Brazil during the period. Biological growth of the remaining forest and improvement in underlying land values contributed positively to the return.

The plantations continue to mature and approach harvest with approximately 40% of the planted acres attaining an age that is half way through the rotation cycle. Industrial buyers of wood have shown interest in the plantations.

The market for timberland in Brazil continues to be illiquid due to the uncertainty regarding the foreign ownership of land. There have been very few timberland transactions in Brazil recently.

### Conclusion
The properties in the portfolio are moving closer to providing positive cash flow. The property in the southern United States is located in a region with several wood users and is favourably positioned as housing in the United States continues to recover. In Brazil, a large pulp mill is being constructed near the Tocantins asset and is anticipated to begin production in the latter part of 2013. The properties in Minas Gerais are located in Brazil's pig iron producing region and are expected to have multiple end use options as the timber reaches harvestable age. The forest in Hawaii is reaching maturity and China is forecast to have increasing wood demand over the next five years.

**CP Cogent Asset Management**
**Investment Manager**
28 January 2013

## Independent review report to Cambium Global Timberland Limited

We have been engaged by Cambium Global Timberland Limited ("the Company") to review the unaudited condensed set of consolidated financial statements in the interim report for the six months ended 31 October 2012 of the Company together with its subsidiaries (together the "Group") which comprise the unaudited condensed consolidated statement of comprehensive income, the unaudited condensed consolidated statement of financial position, the unaudited condensed consolidated statement of changes in equity, the unaudited condensed consolidated statement of cash flows and the related explanatory notes.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the unaudited condensed set of consolidated financial statements.

This report is made solely to the Company in accordance with our terms of engagement as detailed in our letter of 5 October 2012. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

**Directors' responsibilities**
The interim report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS"). The unaudited condensed set of consolidated financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

**Our responsibility**
Our responsibility is to express to the Company a conclusion on the unaudited condensed set of consolidated financial statements in the interim report based on our review.

**Scope of the review of the financial statements**
We conducted our review in accordance with the International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**
Based on our review, nothing has come to our attention that causes us to believe that the unaudited condensed set of consolidated financial statements in the interim report for the six months ended 31 October 2012 is not prepared, in all material respects in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the AIM Rules of the London Stock Exchange.

The unaudited condensed consolidated financial statements of the Group as at and for the period ended 31 October 2011 were not reviewed by us and, accordingly, we do not express a conclusion or any form of assurance on the comparative information set forth in the accompanying unaudited condensed consolidated statement of comprehensive income, the unaudited condensed consolidated statement of changes in equity, the unaudited condensed consolidated statement of cash flows and the related notes.

**Andrew P. Quinn**
**For and behalf of KPMG Channel Islands Limited**
***Chartered Accountants***
**Jersey**
28 January 2013

## Unaudited condensed consolidated interim statement of comprehensive income
For the six months ended 31 October 2012

| | Notes | **For the six months ended 31 October 2012 Unaudited £** | For the six months ended 31 October 2011 Unaudited £ |
|---|---|---|---|
| Revenue | 4 | **212,337** | 716,685 |
| Cost of sales | | **(172,162)** | (345,371) |

| | | | |
|---|---|---|---|
| **Gross profit** | | **40,175** | 371,314 |
| **(Loss)/profit on sale of investment property and plantations** | 14 | **(72,204)** | 14,452 |
| **Decrease in fair value of investment property and plantations** | 13 | **(97,619)** | (1,326,115) |
| **Impairment loss on plantations** | 13 | **(1,484,922)** | (1,536,606) |
| | | **(1,654,745)** | (2,848,269) |
| Administrative expenses | 5 | **(766,746)** | (729,987) |
| Forestry management expenses | 6 | **(294,710)** | (331,489) |
| Other operating forestry expenses | 7 | **(850,614)** | (996,238) |
| Impairment of buildings, plant and equipment | 15 | **(7,545)** | (85,471) |
| | | **(1,919,615)** | (2,143,185) |
| **Operating loss** | | **(3,534,185)** | (4,620,140) |
| Finance income | 8 | **12,674** | 38,500 |
| Finance costs | 9 | **(387,742)** | (278,195) |
| Net foreign exchange gains/(losses) | | **31,968** | (71,759) |
| **Net finance costs** | | **(343,100)** | (311,454) |
| **Loss before taxation** | | **(3,877,285)** | (4,931,594) |
| **Taxation credit** | 10 | **281,860** | 377,998 |
| **Loss for the period attributable to equity shareholders** | | **(3,595,425)** | (4,553,596) |
| **Other comprehensive income** | | | |
| Foreign exchange losses on translation of foreign operations | 18 | **(1,389,140)** | (373,882) |
| Revaluation of buildings taken to revaluation reserve | | **—** | (6,603) |
| **Other comprehensive loss for the period** | | **(1,389,140)** | (380,485) |
| **Total comprehensive loss for the period** | | **(4,984,565)** | (4,934,081) |
| **Basic and diluted loss per share** | 11 | **(3.52) pence** | (4.39) 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 20 form an integral part of these condensed consolidated financial statements.

## Unaudited condensed consolidated interim statement of financial position
At 31 October 2012

| | Notes | **31 October 2012 Unaudited £** | 30 April 2012 Audited £ |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment property | 13 | **28,358,016** | 35,839,567 |
| Plantations | 13 | **31,788,128** | 37,333,035 |
| Buildings, plant and equipment | 15 | **242,049** | 255,756 |
| | | **60,388,193** | 73,428,358 |
| **Current assets** | | | |
| Cash and cash equivalents | 19 | **11,130,335** | 7,079,156 |
| Trade and other receivables | 16 | **262,941** | 236,156 |
| | | **11,393,276** | 7,315,312 |
| **Total assets** | | **71,781,469** | 80,743,670 |
| **Current liabilities** | | | |
| Trade and other payables | 20 | **773,179** | 990,282 |
| Tax payable | | **24,898** | 23,705 |
| | | **798,077** | 1,013,987 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 10 | **4,173,466** | 4,646,929 |
| Bank loan | 17 | **3,633,756** | 6,922,019 |
| | | **7,807,222** | 11,568,948 |
| **Total liabilities** | | **8,605,299** | 12,582,935 |
| **Net assets** | | **63,176,170** | 68,160,735 |

| | | | |
|---|---|---|---|
| **Equity** | | | |
| Stated capital | 22 | **2,000,000** | 2,000,000 |
| Distributable reserve | 23 | **88,589,060** | 88,589,060 |
| Translation reserve | 18,23 | **13,233,613** | 14,622,753 |
| Retained loss | | **(40,646,503)** | (37,051,078) |
| **Total equity** | | **63,176,170** | 68,160,735 |
| **Net asset value per share** | 12 | **0.62** | 0.67 |

These condensed consolidated financial statements were approved and authorised for issue on 28 January 2013 by the Board of Directors.

**Donald Adamson** **Martin Richardson**

The notes on pages 9 to 20 form an integral part of these condensed consolidated financial statements.

## Unaudited condensed consolidated interim statement of changes in equity
For the six months ended 31 October 2012

| **Unaudited**<br>**For the period 1 May 2012 to 31 October 2012** | **Share capital £** | **Distributable reserve £** | **Translation reserve £** | **Revaluation reserve £** | **Retained loss £** | **Total £** |
|---|---|---|---|---|---|---|
| **At 30 April 2012** | **2,000,000** | **88,589,060** | **14,622,753** | **—** | **(37,051,078)** | **68,160,735** |
| **Total comprehensive loss for the period:** | | | | | | |
| Loss for the period | — | — | — | — | (3,595,425) | (3,595,425) |
| Other comprehensive loss: | | | | | | |
| Foreign exchange losses on translation of foreign operations (note 18) | — | — | (1,389,140) | — | — | (1,389,140) |
| **Total comprehensive loss** | — | — | (1,389,140) | — | (3,595,425) | (4,984,565) |
| | — | — | | | | |
| **At 31 October 2012** | **2,000,000** | **88,589,060** | **13,233,613** | **—** | **(40,646,503)** | **63,176,170** |

| Unaudited<br>For the period 1 May 2011 to 31 October 2011 | Share capital £ | Distributable reserve £ | Translation reserve £ | Revaluation reserve £ | Retained loss £ | Total £ |
|---|---|---|---|---|---|---|
| At 30 April 2011 | 2,000,000 | 92,806,700 | 19,209,483 | 6,603 | (32,553,927) | 81,468,859 |
| Total comprehensive loss for the period: | | | | | | |
| Loss for the period | — | — | — | — | (4,553,596) | (4,553,596) |
| Other comprehensive loss: | | | | | | |
| Foreign exchange losses on translation of foreign operations (note 18) | — | — | (373,882) | — | — | (373,882) |
| Revaluation of buildings, plant and equipment | — | — | — | (6,603) | — | (6,603) |
| Total comprehensive loss | — | — | (373,882) | (6,603) | (4,553,596) | (4,934,081) |
| Transactions with owners of the Company recognised directly in equity: | | | | | | |
| Dividends | — | (3,123,900) | — | — | — | (3,123,900) |
| Share buy-backs | — | (622,018) | — | — | — | (622,018) |
| At 31 October 2011 | 2,000,000 | 89,060,782 | 18,835,601 | — | (37,107,523) | 72,788,860 |

The notes on pages 9 to 20 form an integral part of these condensed consolidated financial statements.

## Unaudited condensed consolidated interim statement of cash flows
For the six months ended 31 October 2012

| | Note | **For the six months ended 31 October 2012 Unaudited £** | For the six months ended 31 October 2011 Unaudited £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating loss for the period | | **(3,534,185)** | (4,620,140) |
| Adjustments for: | | | |
| Decrease in fair value of investment property and plantations | 13 | **97,619** | 1,326,115 |
| Impairment loss on plantations due to fire damage | 13 | **1,484,922** | 1,536,606 |

| | | | |
|---|---|---|---|
| Depreciation | 7 | **743** | 864 |
| Loss/(profit) on sale of investment property and plantations | 14 | **72,204** | (14,452) |
| Revaluation of buildings, plant and equipment | 15 | **7,545** | 85,471 |
| (Increase)/decrease in trade and other receivables | | **(26,785)** | 2,004,512 |
| Decrease in trade and other payables | | **(217,103)** | (378,419) |
| | | **(2,115,040)** | (59,443) |
| Tax paid | | **(69,194)** | — |
| **Net cash used in operating activities** | | **(2,184,234)** | (59,443) |
| **Cash flows from/(used in) investing activities** | | | |
| Net proceeds from sale of investment property and plantations | 14 | **10,154,894** | 153,626 |
| Costs capitalised to land and plantations | 13 | **(369,998)** | (2,052,992) |
| Buildings improvements costs | 15 | **(2,508)** | — |
| **Net cash from/(used in) investing activities** | | **9,782,388** | (1,899,366) |
| **Cash flows from financing activities** | | | |
| Share buy-back | | **—** | (622,018) |
| Dividend paid | | **—** | (3,123,900) |
| Repayment of bank loan | | **(3,410,503)** | (919,197) |
| Finance income | 8 | **12,674** | 38,500 |
| Finance costs | 9 | **(387,742)** | (264,437) |
| **Net cash used in financing activities** | | **(3,785,571)** | (4,891,052) |
| **Net increase/(decrease) in cash and cash equivalents** | | **3,812,583** | (6,849,861) |
| **Foreign exchange movements** | | **238,596** | 472,126 |
| **Balance at the beginning of the period** | | **7,079,156** | 14,566,269 |
| **Balance at the end of the period** | 19 | **11,130,335** | 8,188,534 |

The notes on pages 9 to 20 form an integral part of these condensed consolidated financial statements.

## Notes to the unaudited condensed consolidated interim financial statements
For the six months ended 31 October 2012

### 1. General information
The Company and its subsidiaries, including special purpose vehicles ("SPVs") controlled by the Company (together the "Group"), own a global portfolio of forestry-based properties which are managed on an environmentally and socially sustainable basis. Assets are managed for timber production, with exposure to emerging environmental markets. As at the period end date, the Group owned forestry assets located in Australia, the southern United States, Hawaii and Brazil.

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 Street, St Helier, Jersey JE2 3RA.

These unaudited condensed consolidated interim financial statements ("the interim financial statements") were approved and authorised for issue on 28 January 2013 and signed by Martin Richardson and Donald Adamson on behalf of the Board.

The Company has a dual listing on the AIM, a market of the London Stock Exchange, and on the Channel Islands Stock Exchange ("CISX").

### 2. Basis of preparation
The interim financial statements for the six months ended 31 October 2012 have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and with applicable legal and regulatory requirements of Jersey Law and AIM. It does not include all of the information required for full annual financial statements. The interim financial statements should be read in conjunction with the Group's annual report and financial statements for the year ended 30 April 2012, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). The comparative numbers used for the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows are that of the period ended 31 October 2011, which is considered a comparable period as per IAS 34. The comparatives used in the condensed consolidated statement of financial position are that of the previous financial year, 30 April 2012.

Except for the new accounting policies described below, the accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 30 April 2012.

The interim financial statements have been prepared in Sterling, which is the presentational currency and functional currency of the Company, and under the historical cost convention, except for investment property, plantations and buildings, which are carried either at fair value, fair value less cost to sell or fair value less subsequent accumulated depreciation and subsequent accumulated impairment loss.

The preparation of the financial statements requires 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 date of the interim financial statements, 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 financial statements as at, and for the year ended, 30 April 2012.

The following exchange rates have been applied in these interim financial statements to convert foreign currency balances to Sterling:

| | **31 October 2012 closing rate** | **31 October 2012 average rate** | 30 April 2012 closing rate | 31 October 2011 closing rate | 31 October 2011 average rate |
|---|---|---|---|---|---|
| Australian Dollar | **1.5546** | **1.5466** | 1.5566 | 1.5277 | 1.5358 |
| Brazilian Real | **3.2756** | **3.2007** | 3.1001 | 2.7625 | 2.6498 |
| New Zealand Dollar | **1.9610** | **1.9787** | 1.9834 | 1.9941 | 1.9731 |
| United States Dollar | **1.6129** | **1.5829** | 1.6234 | 1.6087 | 1.6111 |

***Going concern***

On 30 November 2012 the Independent Directors announced the outcome of the strategic review initiated in June 2012. The Directors proposed and recommended a change of investment policy with a view to implementing an orderly realisation of the Company's investments in a manner which maximises value for shareholders and returning surplus cash to shareholders over time through ad hoc returns of capital. There is no set period for the realisation of the portfolio but, subject to shareholder approval at an Emergency General Meeting ("EGM") convened for 22 February 2013, the aim of the Directors would be to complete the process within 24 months of the date of that EGM. Accordingly the Directors believe that it is appropriate to prepare these interim financial statements on a going concern basis.

***New, revised and amended standards***

At the date of authorisation of these interim financial statements, the following standards and interpretations, 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 19 (amended) "Employee Benefits" (effective for periods commencing on or after 1 January 2013);
- IAS 27 (revised) "Separate Financial Statements" (revised version effective for periods commencing on or after 1 January 2013 on adoption of IFRS 10, IFRS 11 and IFRS 12, with a further amendment effective for periods commencing on or after 1 January 2014);
- IAS 28 (revised) "Investments in Associates and Joint Ventures" (revised version effective for periods commencing on or after 1 January 2013 on adoption of IFRS 10, IFRS 11 and IFRS 12);
- IAS 32 (amended) "Financial Instruments: Presentation" (effective for periods commencing on or after 1 January 2014);
- IFRS 7 (amended) "Financial Instruments: Disclosures" (amendments effective for periods commencing on or after 1 January 2013 and 1 January 2015);
- IFRS 9 "Financial Instruments – Classification and Measurement" (effective for periods commencing on or after 1 January 2015);
- IFRS 10 "Consolidated Financial Statements" (amendments effective for periods commencing on or after 1 January 2013 and 1 January 2014);
- IFRS 11 "Joint arrangements" (effective for periods commencing on or after 1 January 2013);
- IFRS 12 "Disclosure of Interest in Other Entities" (amendments effective for periods commencing on or after 1 January 2013 and 1 January 2014); and
- IFRS 13 "Fair Value Measurement" (effective for periods commencing on or after 1 January 2013).

In addition the IASB completed its most recent annual improvements project in May 2012. This project amended a number of existing standards and interpretations effective for accounting periods commencing 1 January 2013.

The Directors anticipate that, except for IFRS 13, the adoption of these standards in future periods will have no material impact on the financial statements of the Group. The Directors are currently assessing the impact of IFRS 13 but it is impracticable to quantify its effect in these interim financial statements

***New accounting policies effective and adopted***

The following new standard, which has not had a material effect on the Group, has been applied for the first time in these interim financial statements.

- IAS 12 (amended) "Income Taxes" (effective for periods commencing on or after 1 January 2012).

**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, as the Chief Operating Decision Maker ("CODM"), 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 their 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 Group 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 allocations 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 five distinctly separate geographical locations, which the CODM has identified as one non-operating segment, Jersey, and four operating segments. Timberlands are located in Australia, the southern United States, Hawaii and Brazil.

The accounting policies of each operating segment are the same as the accounting policies of the Group, therefore no reconciliation has been performed.

| **31 October 2012 (unaudited)** | **Jersey £** | **Australia £** | **North America £** | **Hawaii £** | **Brazil £** | **Total £** |
|---|---|---|---|---|---|---|
| Total assets | **8,272,408** | **7,201,307** | **13,586,223** | **9,803,348** | **32,918,183** | **71,781,469** |
| Total liabilities | **92,966** | **762,067** | **3,785,721** | **1,263,993** | **2,700,552** | **8,605,299** |

| 30 April 2012 (audited) | Jersey £ | Australia £ | North America £ | Hawaii £ | Brazil £ | Total £ |
|---|---|---|---|---|---|---|
| Total assets | 4,374,941 | 8,113,346 | 23,422,170 | 9,689,791 | 35,143,422 | 80,743,670 |
| Total liabilities | 130,507 | 986,678 | 7,146,706 | 1,262,875 | 3,056,169 | 12,582,935 |

| **31 October 2012 (unaudited)** | **Jersey £** | **Australia £** | **North America £** | **Hawaii £** | **Brazil £** | **Total £** |
|---|---|---|---|---|---|---|
| Segment revenue | **—** | **16,164** | **186,137** | **—** | **10,036** | **212,337** |
| Segment gross profit | **—** | **16,164** | **13,975** | **—** | **10,036** | **40,175** |
| (Decrease)/increase in fair value of investment property and plantations | **—** | **(828,268)** | **(103,713)** | **(164,255)** | **998,617** | **(97,619)** |
| Impairment loss on plantations | **—** | **—** | **—** | **(31,588)** | **(1,453,334)** | **(1,484,922)** |
| Forestry management expenses | **—** | **57,131** | **59,068** | **55,958** | **122,553** | **294,710** |
| Other operating forestry expenses | **—** | **54,507** | **113,947** | **141,945** | **540,215** | **850,614** |

| 31 October 2011 (unaudited) | Jersey £ | 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) |
| Impairment loss on plantations | — | — | (1,536,606) | — | — | (1,536,606) |
| Forestry management expenses | — | 56,606 | 102,622 | 52,984 | 119,277 | 331,489 |
| Other operating forestry expenses | — | 47,087 | 381,205 | 172,708 | 395,238 | 996,238 |

As at 31 October 2012 the Group owned nine (30 April 2012: ten) 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.

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 geography. These properties also generate revenue from hunting leases and non-strategic land sales. After a land sale completed during the period (see note 14), the Group owns approximately 15,100 acres of land in the state of Georgia dedicated to this strategy.

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 approximately 3,400 acres and Pinnacle approximately 4,700 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 25,700 acres and three properties in Minas Gerais, Brazil totalling approximately 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**

| | **For the 6 months ended 31 October 2012** | For the 6 months ended 31 October 2011 |
|---|---|---|

| | Unaudited £ | Unaudited £ |
|---|---|---|
| Sales – harvested timber and stumpage | **152,435** | 637,946 |
| Lease income | **59,902** | 78,739 |
| | **212,337** | 716,685 |

**5. Administrative expenses**

| | **For the 6 months ended 31 October 2012 Unaudited £** | For the 6 months ended 31 October 2011 Unaudited £ |
|---|---|---|
| Investment Manager's fees (note 25) | **310,973** | 411,098 |
| Directors' fees (note 25) | **57,500** | 57,500 |
| Auditor's fees | **38,680** | 39,295 |
| Professional and other fees | **269,251** | 160,435 |
| Administration of subsidiaries | **90,342** | 61,659 |
| | **766,746** | 729,987 |

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

**6. Forestry management expenses**

| | **For the 6 months ended 31 October 2012 Unaudited £** | For the 6 months ended 31 October 2011 Unaudited £ |
|---|---|---|
| Asset management fees | **243,450** | 269,795 |
| Appraisal fees | **51,260** | 61,694 |
| | **294,710** | 331,489 |

**7. Other operating forestry expenses**

| | **For the 6 months ended 31 October 2012 Unaudited £** | For the 6 months ended 31 October 2011 Unaudited £ |
|---|---|---|
| Property management fees | **462,291** | 313,862 |
| Property taxes | **73,446** | 77,012 |
| Lease payments | **71,659** | 66,545 |
| Fertilisation | **7,417** | 2,150 |
| Repairs and maintenance | **18,476** | 13,700 |
| Trials, inventory and research | **6,421** | 10,341 |
| Pest control, forest protection and insurance | **133,835** | 82,045 |
| Depreciation | **743** | 864 |
| Selling and marketing expenses | **1,093** | 127,496 |
| Other | **75,233** | 302,223 |
| | **850,614** | 996,238 |

**8. Finance income**

| | **For the 6 months ended 31 October 2012 Unaudited £** | For the 6 months ended 31 October 2011 Unaudited £ |
|---|---|---|
| Bank interest | **12,674** | 38,500 |

**9. Finance costs**

| | **For the 6 months ended 31 October 2012 Unaudited £** | For the 6 months ended 31 October 2011 Unaudited £ |
|---|---|---|
| Interest paid on bank loan and loan fees | **376,669** | 278,099 |
| Other finance costs | **11,073** | 96 |
| | **387,742** | 278,195 |

## 10. Taxation

***Taxation on profit on ordinary activities***

The Group's tax credit for the period comprises:

| | **For the 6 months ended 31 October 2012 Unaudited £** | For the 6 months ended 31 October 2011 Unaudited £ |
|---|---|---|
| **Current taxation charge** | | |
| Hungary at 19% | **69,194** | — |
| | **69,194** | — |
| **Deferred taxation credit** | | |
| Australia at 30% | **(233,898)** | 97,822 |
| Brazil at 34% | **(91,381)** | (859,405) |
| United States at 15%–35%* | **(25,775)** | 383,585 |
| | **(351,054)** | (377,998) |
| **Tax credit** | **(281,860)** | (377,998) |

* Marginal corporate income taxes in the United States vary between 15% and 35% depending on the size of the profits.

| | **For the 6 months ended 31 October 2012 Unaudited £** | For the 6 months ended 31 October 2011 Unaudited £ |
|---|---|---|
| **Tax expense reconciliation** | | |
| Loss for the period before taxation | **(3,877,285)** | (4,931,594) |
| Tax using the Company's domestic tax rate | **—** | — |
| Effect of tax rates in foreign jurisdictions | **69,194** | — |
| Changes in temporary differences | **(351,054)** | (377,998) |
| Taxation credit for the period | **(281,860)** | (377,998) |

At the period end date the Group has unused operational and capital tax losses. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future taxable profits available against which they can be utilised. Tax losses arising in the United States can be carried forward for up to 20 years; those arising in Brazil and Australia can be carried forward indefinitely.

***Operational tax losses not recognised in the financial statements***

| | **For the 6 months ended 31 October 2012 Unaudited £** | For the year ended 30 April 2012 Audited £ |
|---|---|---|
| Balance at beginning of the period/year | **11,875,911** | 11,258,456 |
| Tax losses not provided | **1,295,888** | 1,009,477 |
| Exchange movements | **(55,259)** | (392,022) |
| Balance at the end of the period/year | **13,116,540** | 11,875,911 |

The value of deferred tax assets not recognised in regard to operational tax losses amounted to £4,266,994 (30 April 2012: £3,847,360).

The value of deferred tax assets not recognised in regard to capital tax losses of £4,595,983 (30 April 2012: £4,178,212 amounted to £1,562,634 (30 April 2012: £1,420,592).

***Deferred taxation***

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon:

| **31 October 2012 (unaudited)** | **Assets 2012 £** | **Liabilities 2012 £** | **Net balance 2012 £** |
|---|---|---|---|
| Balance at the beginning of the period | **—** | **(4,646,929)** | **(4,646,929)** |
| **Movements** | | | |
| Decrease in fair value of investment property and plantations | **—** | **366,389** | **366,389** |
| Accelerated tax depreciation | **—** | **(1,090)** | **(1,090)** |
| Capitalised assets deducted | **—** | **(14,245)** | **(14,245)** |
| **Total movements for the year** | **—** | **351,054** | **351,054** |

| | | | |
|---|---|---|---|
| Exchange differences | **—** | **122,409** | **122,049** |
| Balance at the end of the period | **—** | **(4,173,466)** | **(4,173,466)** |

| 30 April 2012 (audited) | Assets 2012 £ | Liabilities 2012 £ | Net balance 2012 £ |
|---|---|---|---|
| Balance at the beginning of the year | 7,768 | (4,785,470) | (4,777,702) |
| **Movements** | | | |
| Increase in fair value of investment property and plantations | — | (175,388) | (175,388) |
| Revaluation on buildings, land, plant and equipment | — | (80,567) | (80,567) |
| Accelerated tax depreciation | (7,744) | 4,887 | (2,857) |
| Capitalised assets deducted | — | (17,407) | (17,407) |
| Capitalised liabilities taxed | — | (5,456) | (5,456) |
| **Total movements for the year** | (7,744) | (273,931) | (281,675) |
| Exchange differences | (24) | 412,472 | 412,448 |
| Balance at the end of the year | — | (4,646,929) | (4,646,929) |

### 11. Basic and diluted loss per share

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

| | **For the 6 months ended 31 October 2012 Unaudited £** | For the 6 months ended 31 October 2011 Unaudited £ |
|---|---|---|
| Loss for the purposes of basic and diluted earnings per share being net loss for the period | **(3,595,425)** | (4,553,596) |

| | **31 October 2012 Unaudited** | 31 October 2011 Unaudited |
|---|---|---|
| **Weighted average number of shares** | | |
| Issued shares at 1 May | **102,130,000** | 104,130,000 |
| Effect of share buy-backs during the period | **—** | (340,217) |
| Weighted average number of shares in issue during the period | **102,130,000** | 103,789,783 |
| Basic and diluted loss per share | **(3.52) pence** | (4.39) pence |

### 12. Net asset value

| | **31 October 2012 Unaudited £** | 30 April 2012 Audited £ |
|---|---|---|
| Total assets | **71,781,469** | 80,743,670 |
| Total liabilities | **8,605,299** | 12,582,935 |
| Net assets | **63,176,170** | 68,160,735 |
| Number of shares in issue (note 22) | **102,130,000** | 102,130,000 |
| Net asset value per share | **0.62** | 0.67 |

### 13. Investment property and plantations

| **31 October 2012 (unaudited)** | **Merchantable timber £** | **Pre-merchantable timber £** | **Total plantations £** | **Investment property £** | **Total £** |
|---|---|---|---|---|---|
| Fair value as at 1 May 2012 | **16,745,906** | **20,587,129** | **37,333,035** | **35,839,567** | **73,172,602** |
| Capitalised costs | **—** | **369,548** | **369,548** | **450** | **369,998** |
| Harvested timber | **(167,234)** | **—** | **(167,234)** | **—** | **(167,234)** |
| Disposals | **(3,218,060)** | **(701,858)** | **(3,919,918)** | **(6,307,180)** | **(10,227,098)** |
| | **13,360,612** | **20,254,819** | **33,615,431** | **29,532,837** | **63,148,268** |
| Fair value price (losses)/gains on land and plantations | **(410,936)** | **525,910** | **114,974** | **(302,842)** | **(187,868)** |
| Fair value growth gains on plantations | **90,249** | **—** | **90,249** | **—** | **90,249** |
| Fire, hazardous weather and other damages (impairment) | **(31,588)** | **(1,453,334)** | **(1,484,922)** | **—** | **(1,484,922)** |
| Net decrease in fair value of investment property and plantations | **(352,275)** | **(927,424)** | **(1,279,699)** | **(302,842)** | **(1,582,541)** |
| Foreign exchange effect | **178,534** | **(726,138)** | **(547,604)** | **(871,979)** | **(1,419,583)** |

| | | | | | |
|---|---|---|---|---|---|
| Fair value as at 31 October 2012 | **13,186,871** | **18,601,257** | **31,788,128** | **28,358,016** | **60,146,144** |

| 31 October 2011 (unaudited) | Merchantable timber £ | Pre-merchantable timber £ | Total plantations £ | Investment property £ | Total £ |
|---|---|---|---|---|---|
| Fair value as at 1 May 2011 | 19,515,224 | 16,793,551 | 36,308,775 | 43,838,060 | 80,146,835 |
| Reclassification of land (note 15) | — | — | — | (175,731) | (175,731) |
| Capitalised costs | — | 2,048,421 | 2,048,421 | 4,571 | 2,052,992 |
| Harvested timber | (16,441) | — | (16,441) | — | (16,441) |
| Disposals | (398,226) | — | (398,226) | (69,878) | (468,104) |
| | 19,100,557 | 18,841,972 | 37,942,529 | 43,597,022 | 81,539,551 |
| Fair value price gains/(losses) on land and plantations | 690,691 | (149,871) | 540,820 | (2,105,137) | (1,564,317) |
| Fair value growth gains on plantations | 238,202 | — | 238,202 | — | 238,202 |
| Fire, hazardous weather and other damages (impairment) | (1,420,865) | (115,741) | (1,536,606) | — | (1,536,606) |
| Net 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 |

No harvested timber was held at the end of the period (30 April 2012: nil).

The land and plantations are carried at their fair value as at 31 October 2012, 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 property in the United States was undertaken by Timberland Appraisal Services LLC. A desktop valuation was carried out at 31 October 2012 and 31 October 2011 and a full valuation at 30 April 2012. The appraisal conforms to Uniform Standards of Professional Appraisal Practice in the United States. 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. The methodology used in the current period is the same as that used at 30 April 2012 and 31 October 2011. Key inputs include timber prices, land values, projected timber growth and harvest, operational expenses and the discount rate.

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. A desktop valuation was carried out at 31 October 2012 and 31 October 2011 and a full valuation at 30 April 2012. For these valuations the discounted cash flow method was selected as being applicable and necessary to produce credible results. This approach is believed to have been applied appropriately. The methodology used in the current period is the same as that used at 30 April 2012 and 31 October 2011. Key inputs include timber prices, projected timber growth and harvest, operational expenses and the discount rate.

The 3R Tocantins property in Brazil was valued by Consufor Advisory & Research in accordance with IFRS. A desktop valuation was carried out at 31 October 2012 and 31 October 2011 and a full valuation at 30 April 2012. 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. For the planted forests up to one year old the replacement cost method was used to value the trees. This value is the product of multiplication of planted area and the establishment cost. For the planted forests over one year old, the discounted cash flow method is used to determine value. The methodology used in the current period is the same as that used at 30 April 2012 and 31 October 2011, except that at 31 October 2011 the planted forests under one year old were valued using the income capitalisation approach. Key inputs include timber prices, projected timber growth and harvest, operational expenses and the discount rate.

The three properties in Minas Gerais were valued by Consufor Advisory & Research in accordance with IFRS. A desktop valuation was carried out at 31 October 2012 and 31 October 2011 and a full valuation at 30 April 2012. The method applied to the bare land appraisal in all periods 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. For the planted forests up to one year old the replacement cost method was used to value the trees. This value is the product of multiplication of planted area and the establishment cost. For the planted forests over one year old, the discounted cash flow method is used to determine value. The methodology used in the current period is the same as that used at 30 April 2012 and 31 October 2011, except that at 31 October 2011 the planted forests under one year old were valued using the income capitalisation approach. Key inputs include timber prices, projected timber growth and harvest, operational expenses and the discount rate.

Indufor Asia Pacific Limited valued the Tarrangower investment in Australia consistent with the local equivalent of IFRS. A full valuation was carried out at 31 October 2012, 30 April 2012 and 31 October 2011. Valuation of the land was sub-contracted to Colliers International. There is little comparable transaction evidence to determine the value of land for forestry purposes in the region. Therefore, a combination of the cost approach and the income approach was applied to value the assets in each period. The methodology used in the current period is the same as that used at 30 April 2012 and 31 October 2011. Key inputs include replacement costs, operational expenses, timber prices, projected timber growth and harvest, the compounding rate and the discount rate.

The impairment charge during the period related principally to tree mortality and lower growth rate in the 3R Tocantins property and also to a small fire in the Pahala property.

The discount rates used in these appraisals range in value from 5.75% to 9.0% (30 April 2012: 6.0% to 9.5%).

### 14. (Loss)/profit on sale of investment property and plantations

| | **For the 6 months ended 31 October 2012 Unaudited £** | For the 6 months ended 31 October 2011 Unaudited £ |
|---|---|---|
| Proceeds from sale | **10,227,098** | 187,307 |
| Fair value | **(9,971,956)** | (134,210) |
| Cost to sell | **(72,204)** | (33,681) |
| Foreign exchange effect | **(255,142)** | (4,964) |
| (Loss)/profit on disposal | **(72,204)** | 14,452 |

The sales of land and plantations in the current and prior periods relates to the Group's South Atlantic plantation in Florida.

### 15. Buildings, plant and equipment

| **31 October 2012 (unaudited)** | **Furniture and fittings £** | **Buildings £** | **Improvements £** | **Motor vehicles £** | **Total £** |
|---|---|---|---|---|---|
| Cost brought forward | **1,835** | **238,769** | **6,424** | **17,480** | **264,508** |
| Accumulated depreciation | **(757)** | **—** | **—** | **(7,995)** | **(8,752)** |
| Balance as at 1 May 2012 | **1,078** | **238,769** | **6,424** | **9,485** | **255,756** |
| Movements | | | | | |
| Additions | **—** | **—** | **2,508** | **—** | **2,508** |
| Impairment – charged to statement of comprehensive income | **—** | **(5,037)** | **(2,508)** | **—** | **(7,545)** |
| Depreciation for the period | **(142)** | **—** | **—** | **(601)** | **(743)** |
| Foreign exchange effect | **(53)** | **(7,898)** | **9** | **15** | **(7,927)** |
| | **(195)** | **(12,935)** | **9** | **(586)** | **(13,707)** |
| Carrying value | | | | | |
| Balance as at 31 October 2012 | **883** | **225,834** | **6,433** | **8,899** | **242,049** |

| 31 October 2011 (unaudited) | Furniture and fittings £ | Buildings £ | Improvements £ | Motor vehicles £ | Total £ |
|---|---|---|---|---|---|
| Cost/valuation | 2,161 | 110,309 | 24,502 | 17,865 | 154,837 |
| Accumulated depreciation | (545) | — | (8,087) | (6,782) | (15,414) |
| Balance as at 1 May 2011 | 1,616 | 110,309 | 16,415 | 11,083 | 139,423 |
| Movements | | | | | |
| Reclassification from land (note 13) | — | 175,731 | — | — | 175,731 |
| Depreciation for the period | (171) | — | — | (693) | (864) |
| Impairment – charged to revaluation reserve | — | (6,603) | — | — | (6,603) |
| Impairment – charged to statement of comprehensive income | — | (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 |

The buildings and improvements are carried at their fair value as at 31 October 2012, as measured by external independent valuers. A full valuation was carried out at 30 April 2012 and desktop valuations at 31 October 2012 and 31 October 2011. The buildings and structural improvements have been valued as part of the land on the sales comparison method. The buildings and structural improvements were physically inspected to verify their condition and valued as an added value to the overall land by reference to direct comparison to sales in the district. The motor vehicles and furniture and fittings are carried at cost less accumulated depreciation.

### 16. Trade and other receivables

| | **31 October 2012 Unaudited £** | 30 April 2012 Audited £ |
|---|---|---|
| Goods and services tax receivable | **28,698** | 19,153 |
| Trade receivables | **198,205** | 171,412 |
| Prepaid expenses | **36,038** | 45,591 |

| | | |
|---|---|---|
| | **262,941** | 236,156 |

**17. Bank borrowings**

| | 31 October 2012 Unaudited £ | 30 April 2012 Audited £ |
|---|---|---|
| Metropolitan Life Insurance Company ("Metropolitan Life") | **3,633,756** | 6,922,019 |

The loan is secured on approximately 15,100 acres of timber and timberland assets located in multiple tracts in the state of Georgia (30 April 2012: 29,000 acres in the states of Georgia and Florida). The fair value of these assets at the period end was £11.4 million (30 April 2012: £21.5 million).

During the period, following the disposal of the Florida timberland, the Group repaid US$5.4 million of the loan and Metropolitan Life released US$0.5 million previously held as security on the loan. The loan term is ten years, with a termination date of 15 October 2020 and interest rate fixed at 5.75% over the life of the loan.

**18. Foreign exchange effect**

The translation reserve movement in the period has arisen as follows:

| **31 October 2012** | **Exchange rate at 31 October 2012** | Exchange rate at 30 April 2012 | Translation reserve movement Unaudited |
|---|---|---|---|
| Australian Dollar | **1.5546** | 1.5566 | 12,772 |
| Brazilian Real | **3.2756** | 3.1001 | (1,752,941) |
| New Zealand Dollar | **1.9610** | 1.9834 | (1,280) |
| United States Dollar | **1.6129** | 1.6234 | 352,309 |
| | | | (1,389,140) |

| 31 October 2011 | Exchange rate at 31 October 2011 | Exchange rate at 30 April 2011 | Translation reserve movement Unaudited |
|---|---|---|---|
| Australian Dollar | 1.5277 | 1.5230 | (19,777) |
| Brazilian Real | 2.7625 | 2.6322 | (1,576,977) |
| New Zealand Dollar | 1.9941 | 2.0628 | 74,913 |
| United States Dollar | 1.6087 | 1.6707 | 1,147,959 |
| | | | (373,882) |

**19. Cash and cash equivalents**

| | 31 October 2012 Unaudited £ | 30 April 2012 Audited £ |
|---|---|---|
| Cash held at bank | **9,890,228** | 5,538,100 |
| Cash held in Escrow | **1,240,107** | 1,541,056 |
| | **11,130,335** | 7,079,156 |

The cash held in Escrow is held as security against the loan payable to Metropolitan Life Insurance Company (see note 17). During the period the sum of US$0.5 million was released from Escrow.

**20. Trade and other payables**

| | 31 October 2012 Unaudited £ | 30 April 2012 Audited £ |
|---|---|---|
| Accruals | **349,223** | 294,352 |
| Trade creditors | **128,523** | 383,773 |
| Retentions held* | **295,433** | 312,157 |
| | **773,179** | 990,282 |

* The Company's Brazilian subsidiary, 3R Tocantins Florestais Ltda., retained approximately 6% of the purchase price of the 3R Tocantins property for a period of five years from October 2008, to support any liability associated with the previous ownership.

**21. Net asset value reconciliation**

| | **For the 6 months ended 31 October 2012 Unaudited £** | For the year ended 30 April 2012 Audited £ | For the 6 months ended 31 October 2011 Unaudited £ |
|---|---|---|---|
| Net asset value brought forward | **68,160,735** | 81,468,859 | 81,468,859 |
| Translation of foreign exchange differences | **(1,389,140)** | (4,586,730) | (373,882) |
| (Loss)/profit on revaluation of property and plantation | **(97,619)** | 1,592,252 | (1,326,115) |

| | | | |
|---|---|---|---|
| Impairment loss on plantations | **(1,484,922)** | (1,451,208) | (1,536,606) |
| (Loss)/profit on sale of investment property and plantations | **(72,204)** | 686,730 | 14,452 |
| Revaluation of buildings – through statement of comprehensive income | **(7,545)** | (87,950) | (85,471) |
| Revaluation of buildings – through revaluation reserve | **—** | (6,603) | (6,603) |
| Finance costs | **(387,742)** | (619,839) | (278,195) |
| Net foreign exchange gain/(loss) | **31,968** | (58,796) | (71,759) |
| Loss before above items | **(1,577,361)** | (4,558,340) | (1,269,902) |
| Share buy-backs | **—** | (1,093,740) | (622,018) |
| Dividend paid | **—** | (3,123,900) | (3,123,900) |
| Net asset value carried forward | **63,176,170** | 68,160,735 | 72,788,860 |

**22. Stated capital**

| | **31 October 2012 Unaudited £** | 30 April 2012 Audited £ |
|---|---|---|
| Balance brought forward and carried forward | **2,000,000** | 2,000,000 |

The total authorised share capital of the Company is 250 million shares of no par value. On initial placement 104,350,000 shares were issued at 100 pence each. Shares carry no automatic rights to fixed income but the Company may declare dividends from time to time to which 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 and on 12 October 2011.

***Movements of shares in issue***

| | **For the 6 months ended 31 October 2012 Unaudited Number** | For the 6 months ended 31 October 2011 Unaudited Number |
|---|---|---|
| In issue at 30 April fully paid | **102,130,000** | 104,130,000 |
| Buy-backs | **—** | (1,150,000) |
| **In issue at 31 October fully paid** | **102,130,000** | 102,980,000 |

**23. Reserves**

The movements in the reserves for the Group are shown on page 7.

***Translation reserve***

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

***Distributable reserve***

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

**24. 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.

There were no changes to the Group's approach to capital management during the period. Neither the Company nor any of its subsidiaries were subject to externally imposed capital requirements as at 31 October 2012 and 30 April 2012.

**25. Contingent liability**

There is a security interest on the 3R Tocantins property to cover a liability, amounting to BRL5.8 million (approximately £1.8 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, in December 2008, amounted to BRL6.9 million (£2.1 million). The security interest the Company holds will only be released after Banco da Amazonia releases the security interest on the 3R Tocantins property.

**26. 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 £310,973 (2011: £411,098) was paid to CP Cogent Asset Management LP in respect of management fees.

In addition to the management fees the Investment Manager is also entitled to receive a performance fee for an amount payable by reference to the increase in net asset value ("NAV") per share over the course of the financial year. The performance fee hurdle is the NAV at the start of the financial year increased at a rate of 8% per annum, but adjusting by subtracting the amount in pence per share of any dividend paid made during the period, and is subject to a high watermark. The high watermark of the Fund is currently the launch price of £1 per share. If the performance test is met and the high watermark exceeded, the performance fee will be 20% of the excess of the NAV per share multiplied by the weighted average of the number of shares in issue. No performance fee was paid in the period.

During the period the Directors received the following remuneration in the form of fees from the Company:

| | **For the 6 months ended 31 October 2012 Unaudited £** | For the 6 months ended 31 October 2011 Unaudited £ |
|---|---|---|
| Donald Adamson | **20,000** | 20,000 |
| Martin Richardson | **12,500** | 12,500 |
| Robert Rickman | **12,500** | 12,500 |
| William Spitz | **12,500** | 12,500 |
| | **57,500** | 57,500 |

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.

At the period end the Directors had the following interests in the shares of the Company:

| | **31 October 2012 Unaudited Number** | 30 April 2012 Audited Number |
|---|---|---|
| Donald Adamson | **550,000** | 550,000 |
| Colin McGrady | **300,000** | 300,000 |
| Martin Richardson | **150,000** | 150,000 |
| Robert Rickman | **25,000** | 25,000 |
| William Spitz | **100,000** | 100,000 |
| | **1,125,000** | 1,125,000 |

**27. Events after the reporting period**

On 13 November 2012 the Group appointed Panmure Gordon (UK) Limited as the Company's Nominated Adviser and Broker, in place of Matrix Corporate Capital LLP.

On 30 November 2012 the Independent Directors of the Company announced the outcome of their strategic review of the Company. The Independent Directors concluded that it is in the interests of shareholders as a whole that the Company's investment policy be changed to implement a realisation strategy, allowing assets to be realised through an orderly realisation process, enabling cash to be returned to shareholders. There will be no set period for the realisation of the portfolio, but subject to shareholder approval the target will be to complete it within 24 months. An EGM of shareholders to vote on the implementation of the new investment policy has been convened for 22 February 2013.

In December 2012 the Tarrangower plantation in Australia was impacted by fire. Approximately 200 acres of plantation were burned and external boundary fences destroyed. The estimated impairment loss as a result of this fire is £310,000.

Other than those mentioned above the Group had no significant events after reporting period end that require disclosure in these Financial Statements.

## 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

**Corporate Broker and Nominated Adviser for AIM**
Until 30 November 2012:
Matrix Corporate Capital LLP
One Vine Street
London W1J 0AH
United Kingdom

From 30 November 2012:
Panmure Gordon (UK) Limited
1 New Change
London
EC4M 9AF
United Kingdom

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

**Auditor**
KPMG Channel Islands Limited
37 Esplanade
St Helier
Jersey JE4 8WQ

**Sub Administrator**
Praxis Fund Services Limited
PO Box 296
Sarnia House
St Peter Port
Guernsey GY1 4NA

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

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

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

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

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