

Phaunos Timber Fund Limited

**Half-Yearly Financial Report
for the period ended 30 June 2007
(Unaudited)**

Phaunos Timber Fund Limited (the “Company”)

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Phaunos Timber Fund Limited (the “Company”)

ABOUT THE COMPANY

Phaunos Timber Fund Limited is a closed-ended investment company incorporated in Guernsey on 28 September 2006 with an unlimited life. The Company has one class of share in issue, being US Dollar denominated Ordinary Shares. The Company raised approximately US\$115 million through a placing of 115,150,000 Ordinary Shares at a price of US\$1 each. On 20 December 2006 this share class was admitted to listing and trading on AIM and the Channel Islands Stock Exchange.

The Company raised a further US\$370 million through a secondary equity fundraising in June 2007 through a placing of 355,769,230 Ordinary Shares at a placing price of US\$1.04 per share. These shares began trading on 5 June 2007.

Investment Objective and Policy

The Company’s investment objective is to provide shareholders with attractive long term total returns, expected to be in the form of capital appreciation but with some income, through a diversified portfolio of timberland and timber-related investments.

The Investment Manager will seek to accomplish this investment objective by (i) seeking exposure to timberland and timber-related investments on a global basis; (ii) seeking portfolio diversification by tree species, age classes and geographical timberland markets; and (iii) seeking to control risk through portfolio diversification, investment vehicle selection and implementation of risk control strategies. The only predetermined geographical limits enforced on the Company are that no single country or US region may garner more than 40% of the Company’s total investment portfolio. This limit has been placed to ensure that the Company can maintain flexibility in the market place. The Company will invest in developed timberland markets in politically stable countries and will invest in at least three different regions of the world. No single investment may, at the time of acquisition, exceed 30 per cent. of the gross assets of the Company, without the unanimous approval of the Board.

It is the intention of the Investment Manager to seek for the Company, investments that meet or exceed the guidelines set out in the Sustainable Forestry Initiative.

Phaunos Timber Fund Limited (the “Company”)

ABOUT THE COMPANY (continued)

It is the intention of the Directors, subject to market conditions, for the Company to be substantially invested (i.e. 80 to 85 per cent.) or committed in accordance with its investment policy within 18 months of the first placing and thereafter at all times, although the Investment Manager may exercise its discretion to hold cash or cash equivalent instruments. Pending such investment the Company’s net funds are invested in fixed income investments (including but not limited to bank deposits, bonds or government issued treasury securities) for the purpose of protecting the capital value of the Company’s cash assets.

Since not all of the Company’s investments will be income generating the Company may also retain a proportion of its liquid assets in cash or near-cash investments for working capital purposes.

The Company’s investment portfolio is expected to comprise predominantly US Dollar denominated investments. The Directors intend that all monies eventually returned to shareholders and the reported Net Asset Value of a share will be denominated in US Dollars. In order to hedge against interest rate risks or currency risk, the Company may, where appropriate, also enter into forward interest rate agreements and forward currency agreements.

As required under the AIM Rules, the Directors intend to seek Shareholder approval of the Company’s investment strategy at each annual general meeting of the Company.

The Directors do not currently intend to propose any changes to the Company’s investment objective and policy (and associated investment strategy) until the earlier of the time when the net funds currently available are fully invested or three years from the first placing, save in the case of exceptional and unforeseen circumstances and with the prior approval of shareholders by way of special resolution.

Phaunos Timber Fund Limited (the “Company”)

ABOUT THE COMPANY (continued)

Net Asset Value per Share

The Company’s net unaudited net asset value of a share is US\$1.00 per share as at 30 June 2007.

Phaunos Timber Fund Limited (the “Company”)

CHAIRMAN’S STATEMENT

Highlights

- US\$485 million in subscriptions since launch
- Net asset value per share of US\$1.00
- US\$40 million in investments closed (plus an additional US\$33.5 million since the mid-year)
- Extensive pipeline of deals in progress

Introduction

Dear Shareholders,

It is my pleasure in this first report to welcome all shareholders after our successful fundraisings. Phaunos raised US\$115 million in a placing by Shore Capital Stockbrokers Limited and LCF Edmond de Rothschild Securities Limited and joined AIM and the Channel Islands Stock Exchange on 20 December 2006. The Company raised an additional \$370 million in a secondary issue on 5 June 2007. The Board believes that Phaunos now has sufficient funds to achieve a well-diversified investment programme.

Phaunos has moved forward rapidly to ensure its investment programme has an excellent pipeline of well diversified international investments in line with the Company’s objectives and guidelines. Phaunos has already closed on five initial investments, two prior to period end and three after, and expects to announce others in the coming weeks and months as projects that are in advanced stages are finalized subject to final due diligence and negotiations.

The Company’s investment manager, FourWinds Capital Management, has continued to build its team of senior timber investment professionals focused on building and managing the Phaunos portfolio. The Board is pleased with the high ethical and environmental standards applied by the investment manager.

Phaunos is focused on generating attractive long term returns from a diversified global portfolio of timberland and timber-related investments.

Net Asset Value

The Company’s unaudited net asset value per share is \$1.00 as at 30 June 2007.

Phaunos Timber Fund Limited (the “Company”)

CHAIRMAN’S STATEMENT

Dividends

The Board is not proposing a dividend for the period.

Investments

During the period from inception to 30 June 2007, the Company closed on deals totalling US\$40 million:

- US\$30 million in a partnership for investment in the north-western United States, which has acquired its first tree plantation, a 35,000-acre hybrid poplar tree farm in Boardman, Oregon. The tree farm is certified under the stringent forest practices guidelines of the Forest Stewardship Council (“FSC”).
- US\$10 million to an investment partnership investing in the south-eastern United States designed to realise the “higher-and-better-use” values of timberland properties.

Since 30 June 2007, the Company has also closed on an additional US\$33.5 million in investments in Uruguay and Indonesia including 18,500 hectares of FSC certified pine plantations and other forestry sector investments.

Other investments are under review and negotiation in Latin America, Oceania, Eastern Europe, Africa, and Asia.

Outlook

The investment manager has an extensive pipeline of potential investments that meet the Company’s specified investment criteria. The broad international scope and variety of return streams from the projects under consideration is particularly interesting for the future diversification of the portfolio.

I look forward to reporting the Company’s progress in the annual report for the year ended 31 December 2007. In the meantime shareholders should note that further information about the Company is available on its website at www.phaunistimber.com

Keith Oates

Chairman

27 September 2007

Phaunos Timber Fund Limited (the “Company”)

REPORT BY THE INVESTMENT MANAGER

FourWinds Capital Management is pleased to report to investors in Phaunos Timber Fund Limited (“Phaunos”) that we have made great strides in establishing Phaunos in several timber markets internationally. We have built a world-class timber investment team and continue to build alliances worldwide. We have made on behalf of Phaunos five commitments totalling US\$73.5 million (as of 20 September 2007), and have teamed up with some of the best talent in the industry. We have investments in our pipeline in excess of US\$1.8 billion, having already rejected almost a US\$1 billion of investments that we deemed inappropriate for Phaunos.

In addition to the two initial investments announced earlier in the year, both in North America and totalling US\$40 million, we have completed for Phaunos two additional investments in South America, specifically in Uruguay, totalling US\$28 million. We have made a US\$5.5 million commitment in Indonesia in partnership with a world-renowned scientist and foundation. Further, we are pursuing several investment projects in Brazil, where we are in the process of setting up three companies for eventual use to hold investments there; and we are in advanced due diligence on projects in North America, Central America, Africa and Eastern Europe. We expect to complete due diligence on several of these investments during the fourth quarter of 2007.

We are expanding our network of relationships into additional developing markets for projects we expect to pursue during 2008. To date, we have established legal representation in every country where we intend to do business, and are in the process of securing a unified world-wide network of accountants to advise Phaunos on accounting and tax matters, in an agreement with one of the largest accounting firms in the world. We have also moved into relationships with several international consultants that specialise in certain aspects of timberland investing, many of whom will be assisting us in building additional deal flow. We are determined to have access to every transaction or opportunity that might be congruent with Phaunos’ strategy.

As promised, we have avoided the well-publicised “bid events” that have occurred in the first half of the year, in which several large timberland portfolios were sold at record high prices, and with accompanying record low projected yields. We continue to identify underserved niches in the timberland investment arena, seek out innovative technologies that will enhance yield, and develop regional strategies that will provide a well-diversified portfolio of scalable investments.

Phaunos Timber Fund Limited (the “Company”)

REPORT BY THE INVESTMENT MANAGER

Over the past six months, we have built a world-class timber investment team. Your Timber Management Team includes experienced professionals from some of the largest timberland investment organizations in the world, with a combined experience of over 125 years in timberland investing. We are planning to add a Chief Financial Officer before year-end to round out senior talent. We have added some support positions and will continue to do so.

We are diligently pursuing the investment objectives of Phaunos and we are committed to upholding the highest standards of due diligence and management practices. We are very pleased with the progress we have been able to make to date, and look forward to serving you in the years to come.

Phaunos Timber Fund Limited (the “Company”)

CONSOLIDATED STATEMENT OF OPERATIONS for the period from incorporation to 30 June 2007

	Notes	28 Sep 2006 to 30 Jun 2007 USD
Net movement in unrealised loss on investments	6	(29,205)
Operating income		4,164,560
Operating expenses	2	<u>(1,619,220)</u>
Gain on ordinary activities before taxation		2,516,135
Taxation on ordinary activities		<u>-</u>
Net gain for the period attributable to shareholders		<u>2,516,135</u>
		Cents
Earnings per share for the period – Basic and Diluted	4	1.82

In arriving at the results for the financial period, all amounts above relate to continuing operations.

There are no recognised gains or losses for the period other than those disclosed above.

The notes on pages 15 to 20 form an integral part of these financial statements.

Phaunos Timber Fund Limited (the “Company”)

CONSOLIDATED NET ASSET STATEMENT as at 30 June 2007

	Notes	30 Jun 2007 USD
FIXED ASSETS		
Unquoted financial assets designated at fair value through profit or loss	6	<u>23,297,763</u>
CURRENT ASSETS		
Debtors	7	1,714,026
Cash and cash equivalents		<u>446,673,946</u>
		448,387,972
CURRENT LIABILITIES		
Creditors – due within one year	8	<u>57,971</u>
NET CURRENT ASSETS		
		448,330,001
TOTAL ASSETS LESS CURRENT LIABILITIES		
		<u>471,627,764</u>
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS		
		<u>471,627,764</u>
CAPITAL AND RESERVES		
Share capital	9	-
Share premium	10	358,693,034
Retained earnings	11	2,516,135
Distributable reserves	12	<u>110,418,595</u>
		<u>471,627,764</u>
SHARES IN ISSUE		
		470,919,230
		USD
NAV PER SHARE		1.00

These financial statements were approved by the Board of directors on 28 September 2007 and are signed on its behalf by:

Peter Niven
Director

John Le Prevost
Director

The notes on pages 15 to 20 form an integral part of these financial statements.

Phaunos Timber Fund Limited (the “Company”)

STATEMENT OF OPERATIONS for the period from incorporation to 30 June 2007

	Notes	28 Sep 2006 to 30 Jun 2007 USD
Net movement in investments	6	(29,205)
Operating income		4,163,889
Operating expenses	2	<u>(1,619,140)</u>
Gain on ordinary activities before taxation		2,515,544
Taxation on ordinary activities		<u>-</u>
Net gain for the period attributable to shareholders		<u><u>2,515,544</u></u>
		Cents
Earnings per share for the period – Basic and Diluted	4	1.82

In arriving at the results for the financial period, all amounts above relate to continuing operations.

There are no recognised gains or losses for the period other than those disclosed above.

The notes on pages 15 to 20 form an integral part of these financial statements.

Phaunos Timber Fund Limited (the “Company”)

NET ASSET STATEMENT as at 30 June 2007

	Notes	30 Jun 2007 USD
FIXED ASSETS		
Investments in subsidiaries	5	20,200,000
Unquoted financial assets designated as fair value through profit or loss	6	<u>3,120,620</u>
		23,320,620
CURRENT ASSETS		
Debtors	7	1,714,026
Cash and cash equivalents		<u>446,650,498</u>
		448,364,524
CURRENT LIABILITIES		
Creditors – due within one year	8	<u>57,971</u>
NET CURRENT ASSETS		
		448,306,553
TOTAL ASSETS LESS CURRENT LIABILITIES		
		<u>471,627,173</u>
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS		
		<u>471,627,173</u>
CAPITAL AND RESERVES		
Share capital	9	-
Share premium	10	358,693,034
Retained earnings	11	2,515,544
Distributable reserves	12	<u>110,418,595</u>
		<u>471,627,173</u>
SHARES IN ISSUE		
		470,919,230
NAV PER SHARE		
		USD 1.00

These financial statements were approved by the Board of directors on 28 September 2007 and are signed on its behalf by:

Peter Niven
Director

John Le Prevost
Director

The notes on pages 15 to 20 form an integral part of these financial statements.

Phaunos Timber Fund Limited (the “Company”)

CONSOLIDATED STATEMENT OF CASH FLOWS for the period ended 30 June 2007

	30 Jun 2007 USD
Operating activities	
Net gain for the period attributable to shareholders	2,516,135
Add: Unrealised depreciation on investments	29,205
Add: Increase in accrued expenses	57,971
Less: (Increase) in prepayments and accrued income	<u>(1,714,026)</u>
Net cashflow from operating activities	<u>889,285</u>
Investing activities	
Purchase of financial assets	(23,326,968)
Net cash outflow from investing activities	<u>(23,326,968)</u>
Financing activities	
Proceeds of issue of shares	485,150,000
Costs of issue of shares	<u>(16,038,371)</u>
Net cash inflow from financing activities	<u>469,111,629</u>
Cash and cash equivalents at beginning of period	-
Increase in cash and cash equivalents	<u>446,673,946</u>
Cash and cash equivalents at end of period	<u>446,673,946</u>

The notes on pages 15 to 20 form an integral part of these financial statements.

Phaunos Timber Fund Limited (the “Company”)

STATEMENT OF CHANGES IN EQUITY for the period ended 30 June 2007

	30 Jun 2007 USD
GROUP	
Opening balance	-
Issue of shares	485,150,000
Share issue costs	(16,038,371)
Net gain for the period attributable to shareholders	<u>2,516,135</u>
Closing balance as at 30 June 2007	<u><u>471,627,764</u></u>

	30 Jun 2007 USD
COMPANY	
Opening balance	-
Issue of shares	485,150,000
Share issue costs	(16,038,371)
Net gain for the period attributable to shareholders	<u>2,515,544</u>
Closing balance as at 30 June 2007	<u><u>471,627,173</u></u>

The notes on pages 15 to 20 form an integral part of these financial statements.

Phaunos Timber Fund Limited (the “Company”)

NOTES TO THE FINANCIAL STATEMENTS

as at 30 June 2007

1 ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in conformity with International Financial Reporting Standards and applicable Guernsey law. The financial statements have been prepared on an historical cost basis except for the measurement at fair value of financial instruments. The financial statements have been prepared in accordance with the requirements of IAS 34.

(b) Basis of calculation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June 2007. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All inter-group transactions, balances, income and expenses are eliminated on consolidation.

(c) Taxation

The Company has been granted exemption under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 from Guernsey Income Tax, and is charged an annual fee of £600.

(d) Expenses

All expenses are accounted for on an accruals basis.

(e) Interest income

Interest income is accounted for on an accruals basis.

(f) Share issue costs

The share issue costs incurred amounted to US\$16,038,371. Because the Company's shares have no fixed redemption date, the costs are written off through the statement of changes in net assets.

(g) Cash and cash equivalents

Cash at bank and short term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as call deposits, short term deposits and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and deposits at bank.

(h) Investments

All investments have been designated “fair value through profit or loss”. Investments are initially recognised on the date of purchase at cost, being the fair value of the consideration given, including transaction costs associated with the investment. After initial recognition, investments are measured at fair value, with unrealised gains and losses on investments and impairment of investments recognised in the Statement of Operations. Investments are recognised on their maturity date. Gains and losses on the sale of investments will be taken to the Statement of Operations.

Phaunos Timber Fund Limited (the “Company”)

NOTES TO THE FINANCIAL STATEMENTS as at 30 June 2007 (continued)

2 OPERATING EXPENSES

	Company 30 Jun 2007 USD	Group 30 Jun 2007 USD
Investment managers fees	1,268,270	1,268,270
Directors’ remuneration	111,187	111,187
Directors expenses	3,594	3,594
Directors & Officers insurance	23,671	23,671
Directors & Officers insurance (Phaunos US Inc)	24,205	24,205
Audit fees	41,166	41,166
Annual fees	7,786	7,786
Administration fees	36,463	36,463
Registration fees	10,189	10,189
Nominated Advisor Fees	54,346	54,346
Other operating expenses	38,263	38,343
	<u>1,619,140</u>	<u>1,619,220</u>

3 DIRECTORS’ REMUNERATION

Each Director receives a fee of £20,000 per annum from the Company, except for the Chairman, who receives £40,000 per annum. Liane Luke and Kimberly Tara have waived their entitlement to receive a fee.

4 EARNINGS PER SHARE

Earnings per share is based on the net gain for the period attributable to shareholders of Group £2,516,135 and Company £2,515,544 and on 138,436,713 Shares, being the weighted average number of shares in issue during the period. There are no dilutive instruments and therefore basic and diluted earnings per share are identical.

5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries consist of investments in the following wholly owned group company:

Company	Place of Incorporation	Percentage of shares	30 Jun 2007 USD
Phaunos US Incorporated	USA	100%	<u>20,200,000</u>
			<u>20,200,000</u>

Phaunos Timber Fund Limited owns 100% of the issued share capital of the above company. The value of the investment is stated at cost. Following advice from FourWinds the Directors consider that there has been no diminution in the value of the investment.

Phaunos Timber Fund Limited (the “Company”)

NOTES TO THE FINANCIAL STATEMENTS as at 30 June 2007 (continued)

6 INVESTMENTS

GROUP

UNQUOTED FINANCIAL ASSETS DESIGNATED THROUGH PROFIT OR LOSS AS FAIR VALUE	30 Jun 2007 USD
Opening portfolio cost	-
Additions at cost	23,326,968
Unrealised appreciation on valuation brought forward	-
Unrealised appreciation/(depreciation) on valuation for the period	<u>(29,205)</u>
Unrealised appreciation/(depreciation) on valuation carried forward	<u>(29,205)</u>
Closing valuation	<u><u>23,297,763</u></u>

COMPANY

UNQUOTED FINANCIAL ASSETS DESIGNATED THROUGH PROFIT OR LOSS AS FAIR VALUE	30 Jun 2007 USD
Opening portfolio cost	-
Additions at cost	3,149,825
Unrealised appreciation on valuation brought forward	-
Unrealised appreciation/(depreciation) on valuation for the period	<u>(29,205)</u>
Unrealised appreciation/(depreciation) on valuation carried forward	<u>(29,205)</u>
Closing valuation	<u><u>3,120,620</u></u>

Investments are shown at cost. In the directors' opinion the fair value of investments approximates to cost.

7 DEBTORS

COMPANY AND GROUP

	30 Jun 2007 USD
Prepayments	63,802
Accrued income	1,500,183
Sundry debtors	<u>150,041</u>
	<u><u>1,714,026</u></u>

Phaunos Timber Fund Limited (the “Company”)

NOTES TO THE FINANCIAL STATEMENTS as at 30 June 2007 (continued)

8 CREDITORS (amounts falling due within one year)

	30 Jun 2007 USD
Accrued audit fees	41,166
Accrued administration fees	5,540
Accrued registration fees	3,410
Other accrued expenses	7,855
	<hr/>
	57,971
	<hr/>

9 SHARE CAPITAL

	30 Jun 2007 USD
Authorised, issued and fully paid	
Unlimited Ordinary Shares of no par value	-
	<hr/>

The issues of shares took place as follows:

Date of issue	Number of shares	Price per share USD	Amount received USD
20 December 2006	115,150,000	1.00	115,150,000
5 June 2007	355,769,230	1.04	370,000,000
	<hr/>		<hr/>
	470,919,230		485,150,000
			<hr/>

As the company has only one class of shares, the holders of its shares will under general law be entitled to participate in any surplus assets in a winding-up in proportion to their shareholdings.

10 SHARE PREMIUM

	30 Jun 2007 USD
COMPANY AND GROUP	
Share premium as at 28 September 2006	-
Share premium on initial raising 20 December 2006	115,150,000
Share premium on second raising 5 June 2007	370,000,000
Less: Share issue costs	(16,038,371)
Transfer to distributable reserves	(110,418,595)
	<hr/>
Share premium	358,693,034
	<hr/>

Phaunos Timber Fund Limited (the “Company”)

NOTES TO THE FINANCIAL STATEMENTS as at 30 June 2007 (continued)

11 RETAINED EARNINGS

	Company 30 Jun 2007 USD	Group 30 Jun 2007 USD
Balance as at 28 September 2006	-	-
Net gain for the period attributable to shareholders	2,515,544	2,516,135
	<hr/>	<hr/>
Balance as at 30 June 2007	<u>2,515,544</u>	<u>2,516,135</u>

12 DISTRIBUTABLE RESERVES

	Company 30 Jun 2007 USD	Group 30 Jun 2007 USD
Balance as at 28 September 2006	-	-
Transferred from share premium	110,418,595	110,418,595
	<hr/>	<hr/>
Balance as at 30 June 2007	<u>110,418,595</u>	<u>110,418,595</u>

The Company has passed a special resolution reducing the amount standing to the credit of the share premium account on the initial raising to US\$ Zero, and that the surplus created form a distributable reserve. In accordance with The Companies (Guernsey) Law, 1994 (as amended) (the “Companies Law”), the Directors applied to the Royal Court in Guernsey for an order confirming such reduction of the share premium account following admission. The distributable reserve created on cancellation is available as distributable profits to be used for all purposes permitted by the Companies Law, including the buy back of Ordinary Shares and the payment of dividends.

13 FINANCIAL INSTRUMENTS

The Company’s main financial instruments comprise:

- (a) Cash and cash equivalents that arise directly from the Company’s operations; and
- (b) Investments in unlisted entities.

14 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company’s investments are market price risk, liquidity risk and interest rate risk. The board regularly reviews and agrees policies for managing each of these risks and these are summarised below.

Phaunos Timber Fund Limited (the “Company”)

NOTES TO THE FINANCIAL STATEMENTS as at 30 June 2007 (continued)

(a) Market Price Risk

Market price risk arises mainly from uncertainty about future values of investments held. It represents the potential loss the Company might suffer though holding market positions in the face of price movements. The investment manager actively monitors market prices and reports to the Board as to the appropriateness of the investments held.

There is also a further risk due to the small number of large investments made by the Company. Such a concentration of investments subjects the Company to increased exposure to significant declines in the value of one investment. The investment manager actively monitors the appropriateness of the investments held.

Detail of the Company’s Investment Objective and Policy are given on page 3.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in realising assets or otherwise raising funds to meet financial commitments. The Board regularly monitors the appropriateness of the expense provision over the anticipated life of the Company.

(c) Interest Rate Risk

The Company holds cash on deposit and invests in global treasury funds, the return on which is subject to fluctuations in market interest rates.

(d) Credit Risk

There is a credit risk relating to the Company’s investments in non-wholly owned subsidiaries, where the Company has limited control over its investment. The Board attempt to minimise such risk by ensuring that due diligence is undertaken prior to any investment and by obtaining regular performance information regarding these investments.

15 EVENTS AFTER THE BALANCE SHEET DATE

Since the year end, the Company has made further commitments of US\$21 million into a joint venture, US\$7 million in a wholly owned subsidiary and US\$5.5 million in a loan to a foundation. Two of these investments are in Uruguay and one is in Indonesia.

The Company has also made further commitments to provide funding of around US\$17 million into investments existing at 30 June 2007.

Phaunos Timber Fund Limited (the “Company”)

SHAREHOLDER INFORMATION

The Company’s Ordinary Shares are capable of being traded on AIM and the Channel Islands Stock Exchange. The Shares may be dealt in directly through a stockbroker or professional adviser acting on an investor’s behalf. The buying and selling of Shares may be settled through CREST.

The Net Asset Value of the Company and hence the Net Asset Value per Share is calculated in US Dollars by the Company at the end of each financial year based upon information supplied by a variety of sources including third party local managers, as described below.

The Net Asset Value will be the value of all assets of the Company less the liabilities to creditors (including the provisions for such liabilities) of the Company determined in accordance with the valuation guidelines adopted by the Directors from time to time.

Under current valuation guidelines adopted by the Directors, such values will be determined in accordance with applicable accounting standards.

If the Directors consider that any of the above bases of valuation are inappropriate in any particular case, or generally, they may, with the agreement of the Auditors, adopt such other valuation procedures as they consider is reasonable in the circumstances.

All valuations of the Company’s investment portfolio will be made, in part, on valuation information provided by the third party managers of investments in the portfolio. Although the Investment Manager will evaluate all such information and data, neither the Investment Manager, the Administrator nor the Directors are generally in a position to confirm the completeness, genuineness or accuracy of such information or data. In addition, the financial reports typically provided to the Investment Manager will be provided only on a half yearly basis and generally will be issued two to three months after the respective valuation dates.

The Administrator will notify the CISX and AIM of the calculated Net Asset Value per Share as soon as practicable after the end of each financial year.

Any suspension in the calculation of the Net Asset Value of the Company, to the extent required under the Articles of Association of the Company or by the rules of the CISX and/or the AIM Rules (as the case may be) will be notified by the Administrator, to the CISX and/or AIM as soon as practicable after any such suspension occurs.

Phaunos Timber Fund Limited (the “Company”)

SHAREHOLDER INFORMATION

The CISX publishes the reported Net Asset Value of the Ordinary Shares on the CISX website www.cisx.com and via the Reuters network <CISXINDEX>.

The ISIN, SEDOL and the London Stock Exchange mnemonic of the company’s Ordinary Shares are:

ISIN	SEDOL	LSE mnemonic
GG00B1G3RS66	B1G3RS6	PTF

Shareholder Enquiries

The Company’s CREST compliant registrar is Anson Registrars Limited in Guernsey who maintains the Company’s register of shareholders. They may be contacted by telephone on (44) 01481 711301.

Further information regarding the Company can be found on its website at www.phaunostimber.com

For information about investing in the Company contact Kimberley Tara of FourWinds Capital Management, the Company’s Investment Manager, Tel: Switzerland 00 33 685 75 38
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Phaunos Timber Fund Limited (the “Company”)

Registered in Guernsey No. 45564
DIRECTORS AND SERVICE PROVIDERS

Directors

Keith Oates
John Reginald Le Prevost
Liane Luke
Peter Niven
Kimberly Tara

Registered Office of the Company

Anson Place
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 1EJ
Telephone +44 (0)1481 722260

Registrar, Paying Agent and Transfer Agent

Anson Registrars Limited
PO Box 426
Anson Place
Mill Court
La Charroterie
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