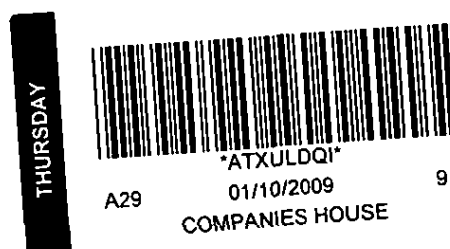


BURT BOULTON & HAYWOOD LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2008

Registered number 3540326



BURT BOULTON & HAYWOOD LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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BURT BOULTON & HAYWOOD LIMITED

COMPANY INFORMATION

Directors

W Clason
R Allan

Secretary

D J Clason

Registered Office

Alexandra Dock
Newport
South Wales
NP20 2WA

Auditors

PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

Bankers

Nordea Bank
5th Floor
City Place House
55 Basinghall Street
London
EC2V 5NB

BURT BOULTON & HAYWOOD LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and the audited financial statements for the year ended 31 December 2008.

Principal activity

The principal activity of the company is the manufacture of telegraph and transmission poles and related timber preservation. The results for the year are satisfactory.

Business Review and Future Developments

Sales volumes increased marginally in spite of very competitive trading conditions experienced during the year. Similar conditions are expected for 2009 but the Company will aim to maintain its position as market leader in the manufacture of wooden telegraph and transmission poles and continue to develop its other timber preservation markets.

Key Performance Indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Results and Dividends

The loss for the year, after tax, amounted to £310,602 (2007: £520,859 loss). The directors do not recommend payment of a dividend (2007: £nil). The retained loss for the year has been transferred to reserves.

Directors and directors' interests

The following directors served during the year:

R Allan
W Clason

None of the directors had any interest in the share capital of the company or any company within the Metsaliitto Group at 31 December 2008 or at any time during the financial year.

Creditor Payment Policy

It is company policy to pay trade creditors on contractual terms as agreed with each individual creditor.

BURT BOULTON & HAYWOOD LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

Financial Risk Management

The company's operations expose it to a variety of financial risks that include the effects of changes in exchange rates, credit risk and interest rates. The company has in place a risk management programme that seeks to limit the adverse effects on financial performance of the company by monitoring the levels of debt finance and related finance cost. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring the financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Credit risk

The company has implemented policies that require appropriate checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed on a periodic basis.

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Company has sufficient available funds for operations.

Interest rate and cash flow risk

The company reviews the appropriateness of interest rates risk on an annual basis, considering the treasury policies of the group that it is a member of. Interest bearing assets and liabilities are primarily bank balances.

Exchange rate risk

The company is exposed to exchange risk as a result of its operations. However, given the size of the company's operations, the cost of managing exposure to exchange risk exceeds any potential benefit. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will visit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

BURT BOULTON & HAYWOOD LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2008 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and the directors have taken all steps that they ought to have taken in order to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information.

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board.



W Clason
Director
27th August 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BURT BOULTON & HAYWOOD LIMITED

We have audited the financial statements of Burt Boulton & Haywood Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Cardiff

27th August 2009

BURT BOULTON & HAYWOOD LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	2007 £
Turnover	2	9,621,773	9,359,611
Cost of sales		(8,223,910)	(7,410,149)
Gross profit		1,397,863	1,949,462
Distribution costs		(757,390)	(728,943)
Administrative expenses		(1,119,315)	(1,610,029)
Operating loss	3	(478,842)	(389,510)
Interest payable	6	(153,330)	(132,454)
Interest receivable	7	258,849	-
Other finance income/(expense)	21	2,000	(2,000)
Loss on ordinary activities before taxation		(371,323)	(523,964)
Tax credit on loss on ordinary activities	8	60,721	3,105
Loss for the year	19	(310,602)	(520,859)

Turnover, gross profit and operating loss relate entirely to continuing operations.

There is no difference between the loss on ordinary activities before taxation and the loss for the year as stated above, and their historical cost equivalents.

The notes on pages 9 to 21 form part of these financial statements.

BURT BOULTON & HAYWOOD LIMITED

STATEMENT OF TOTAL RECONISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
Loss for the financial year		(310,602)	(520,859)
Actuarial gain/(loss) on pension scheme	21	1,000	(60,000)
Movement on deferred tax relating to pension liability	14	(280)	18,000
Effect of UK tax rate change		-	(6,120)
Total recognised losses		(309,882)	(568,979)

BURT BOULTON & HAYWOOD LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	2008 £	2007 £
Fixed assets			
Fixed asset investment	9	505,100	500,000
Intangible assets	10	0	249,470
Tangible assets	11	2,362,282	2,608,266
		<u>2,867,382</u>	<u>3,357,736</u>
Current assets			
Stocks	12	4,533,963	3,268,364
Debtors	13	1,697,136	1,709,138
Cash at bank and in hand		25,054	16,785
		<u>6,256,153</u>	<u>4,994,287</u>
Creditors: amounts falling due within one year	15	<u>(5,360,599)</u>	<u>(4,318,231)</u>
Net current assets		<u>895,554</u>	<u>676,056</u>
Total assets less current liabilities		<u>3,762,936</u>	<u>4,033,792</u>
Creditors: amounts falling due after more than one year	16	<u>(729,388)</u>	<u>(820,562)</u>
Provisions for liabilities and charges	17	<u>(159,000)</u>	<u>-</u>
Net assets – excluding pension liability		<u>2,874,548</u>	<u>3,213,230</u>
Net pension liability	21	<u>(191,520)</u>	<u>(220,320)</u>
Net assets		<u>2,683,028</u>	<u>2,992,910</u>
Capital and reserves			
Called up share capital	18	8,000,002	8,000,002
Profit and loss account	19	(5,316,974)	(5,007,092)
Equity shareholders' funds	20	<u>2,683,028</u>	<u>2,992,910</u>

These financial statements were approved by the board of directors and signed on its behalf by:

W. Clason

W Clason

Director

27th August 2009

The notes on pages 9 to 23 are an integral part of these financial statements.

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of Accounting

The company prepares its accounts on the historical cost basis and in accordance with applicable accounting standards in the United Kingdom and with the Companies Act 1985.

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied to third parties in the United Kingdom. Turnover is recognised on despatch of the goods by the Company.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a weighted average price basis and includes transport and handling costs, less trade discounts. In the case of finished goods, cost includes an appropriate proportion of production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow moving and defective stock based upon a line by line review of individual stock lines held.

Fixed Assets

Depreciation is provided on fixed assets on a straight line basis, so as to write them off over their estimated useful lives.

The annual rates of depreciation are as follows:

Freehold land	-nil
Buildings	-between 4% and 10%
Plant and Equipment	-between 5% and 25%

Operating leases

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease terms.

Goodwill

Purchased goodwill is amortised on a straight line basis over its useful economic life, which in relation to the goodwill included in these financial statements has been assessed as a period of 10 years from acquisition.

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

1 ACCOUNTING POLICIES (CONTINUED)

Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and/or from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pensions

Payments to defined contribution pension schemes are charged as an expense to the profit and loss account as they fall due.

For defined benefit pension schemes, the obligation is calculated by independent actuaries. Actuarial gains and losses, which represent differences between the expected and actual return on the plan assets and the effect of changes in the actuarial assumptions, are recognised in full in the period in which they occur in the Statement of Total Recognised Gains and Losses. All other gains and losses are taken to the profit and loss account.

The defined retirement benefit obligation recognised in the Balance Sheet comprises the total for each plan of the present value of the benefit obligation using a discount rate determined by market yields on high quality corporate bonds, less the fair values of the scheme assets at the balance sheet date. This obligation is offset, where applicable, by the related deferred tax asset.

Foreign currency translation

Monetary foreign currency assets and liabilities held at the balance sheet date are translated into sterling at the rates ruling on the balance sheet date. Normal trading transactions denominated into foreign currency are recorded in sterling at the exchange rate on the date of the transaction. All exchange differences on monetary assets and liabilities are dealt with through the profit and loss account.

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

1 ACCOUNTING POLICIES (CONTINUED)

Cash flow statements

The company is exempt from the requirement of Financial Reporting Standard No 1 (revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking. The consolidated financial statements of the parent company Metsaliitto Co-operative are publically available.

Government grants and assistance

Grants towards the purchase of assets are treated as deferred income that is credited to the profit and loss account over the related asset's useful economic life, on a straight line basis.

2 ANALYSIS OF TURNOVER

All turnover arises in the UK and relates to the principal activity.

3 OPERATING LOSS

	2008	2007
Operating loss is stated after charging/(crediting):	£	£
Depreciation	347,861	316,003
Lease costs – Land and buildings	74,235	109,900
- Machinery	5,714	nil
Amortisation of goodwill	249,470	498,939
Amortisation of deferred income (note 16)	(91,174)	(91,173)
Profit on sale of fixed assets	(14,557)	-

Services provided by the company's auditor and network firms

During the year the company obtained the following services from the company's auditors as detailed below:-

	2008	2007
	£	£
Fees payable for the audit of the company	16,640	16,500
Fees paid for other services – tax compliance	6,630	10,880

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

4 DIRECTORS AND EMPLOYEES

Employee costs including directors	2008 £	2007 £
Wages and salaries	934,694	884,677
Social Security costs	88,874	86,032
Pension costs	51,414	45,233
	<u>1,074,982</u>	<u>1,015,942</u>

The average number of employees including directors was:

	2008 Number	2007 Number
Production	26	24
Management and administration	12	12
	<u>38</u>	<u>36</u>

5 DIRECTORS' EMOLUMENTS

	2008 £	2007 £
Aggregate directors' emoluments	76,798	73,240

Retirement benefits are accruing for Mr W. Clason under the Finnforest UK Limited group's defined benefit pension scheme. Aggregate pension contributions paid by the company in respect of the services of this director of £9,657 (2007: £8,531) are included in the aggregate emoluments above.

The emoluments of R. Allan are paid by the parent company. The emoluments are deemed to be wholly attributable to their services to the parent company, and no recharge is made to Burt Boulton and Haywood Limited for these services. Accordingly, the above details include no emoluments in respect of this director. No pension contributions were paid by the company in respect of Mr Allan.

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Interest on overdraft	153,316	132,454
Other financing costs	14	-
	<u>153,330</u>	<u>132,454</u>

7 INTEREST RECEIVABLE

	2008 £	2007 £
Bank Interest Receivable	466	-
Other Interest receivable	258,383	-
	<u>258,849</u>	<u>-</u>

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

8 TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of credit in the year

	2008 £	2007 £
Current tax:		
UK corporation tax charge/(credit) at 28.5% on loss for the year (2007: 30%)		-
Adjustments in respect of prior year	537	(537)
Total current tax (credit)	537	(537)
Deferred tax:		
Origination and reversal of timing differences	(72,178)	(13,968)
Pension cost relief in excess of pension charge	10,920	11,400
Total Deferred Tax	(61,258)	(2,568)
Tax credit on loss on ordinary activities	(60,721)	(3,105)

(b) Factors affecting current tax charge for the year

The tax assessed for the year varies from the standard rate of corporation tax in the UK. The differences are explained below:

	2008 £	2007 £
Loss on ordinary activities before tax	(371,323)	(523,964)
Loss on ordinary activities multiplied by rate of corporation tax of 28.5% (2007: 30%)	(105,827)	(157,189)
Expenses not deductible for tax purposes	51,568	153,295
Accelerated capital allowances and other timing differences	16,118	15,294
Other Timing Differences	49,256	-
Pension cost relief	(11,115)	(11,400)
Adjustment in respect of prior year	537	(537)
Current tax charge/(credit) for the year	537	(537)

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

9 FIXED ASSET INVESTMENT

	2008 £	2007 £
Investment in subsidiary	500,000	500,000
Investment in associated company	5,100	-
	<hr/>	<hr/>
	505,100	500,000
	<hr/>	<hr/>

The investment in subsidiary relates to the shares held in Timbera Limited, Company Number 441153, registered in England and Wales. Burt Boulton and Haywood Limited own 100% of the share capital of Timbera Limited which is a dormant company.

During the year the company made an investment in a joint venture, BBH Powercom Limited, which is incorporated in the United Kingdom, the registered address is Alexandra Dock, Newport, South Wales NP20 2WA. The Company hold 51% of the ordinary share capital however, the Company does not control this entity as both parties have equal voting rights. The company was established in August 2008 and the period to 31 December generated a loss after tax of £17,518. The aggregate capital and reserves at this date was (£7,518).

10 INTANGIBLE ASSETS

	Goodwill £
Cost	
At 1 January 2008 and 31 December 2008	4,989,393
Amortisation	
At 1 January 2008	4,739,923
Charge for the year	249,470
At 31 December 2008	<hr/> 4,989,393 <hr/>
Net Book Value	
At 31 December 2008	Nil
At 31 December 2007	<hr/> 249,470 <hr/>

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

11 TANGIBLE ASSETS

	Freehold land and buildings £	Short leasehold property £	Plant and equipment £	Total £
Cost				
At 1 January 2008	368,700	1,341,374	3,709,955	5,420,029
Additions	-	-	102,339	102,339
Disposals	-	-	(64,851)	(64,851)
As at 31 December 2008	368,700	1,341,374	3,747,443	5,457,517
Depreciation				
At 1 January 2008	125,000	283,791	2,402,973	2,811,764
Charged in year	13,750	22,694	311,417	347,861
Disposals	-	-	(64,390)	(64,390)
	138,750	306,485	2,650,000	3,095,235
Net book value				
At 31 December 2008	229,950	1,034,889	1,097,443	2,362,282
At 31 December 2007	243,700	1,057,583	1,306,983	2,608,266

12 STOCKS

	2008 £	2007 £
Raw materials and consumable stores	3,048,092	2,558,803
Finished goods	1,485,871	709,561
	4,533,963	3,268,364

13 DEBTORS

	2008 £	2007 £
Trade debtors	1,411,209	1,364,759
CPO Debtor	-	67,628
Other debtors	65,603	102,379
Corporation Tax	-	35,146
Deferred tax asset (note 14)	173,653	101,475
Prepayments and accrued income	46,671	37,751
	1,697,136	1,709,138

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

14 DEFERRED TAX

	Accelerated capital allowances £	Pension scheme deficit £	Total £
(Asset) at 1 January 2008	(101,475)	(85,680)	(187,155)
(Credited)/charge to profit and loss account	(72,178)	10,920	(61,258)
Actuarial movements:			
Movement in current year	-	280	280
(Asset) at 31 December 2008	(173,653)	(74,480)	(248,133)

There are no unrecognised deferred tax assets.

15 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Bank overdraft (see below)	3,266,111	2,517,467
Trade creditors	1,170,844	737,686
Amounts owed to Group companies	500,000	501,327
Other creditors	80,473	25,736
Taxation and social security	224,728	101,155
Accruals and deferred income	118,443	434,860
	5,360,599	4,318,231

The overdraft is not secured against the company's assets.

16 CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The company has received partial reimbursement of costs for site relocation following a compulsory purchase order being brought on the land at the Newport site in 2001. Where such monies have been utilised on capital expenditure, the monies received are being released over the life of the relevant fixed assets purchased.

	2008 £	2007 £
At 1 January	820,562	911,735
Released to Profit and Loss Account	(91,174)	(91,173)
At 31 December	729,388	820,562

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Restoration £
As at 1 January 2008	-
Transfer from accruals	148,000
Charged to Profit & Loss account	48,000
Utilised	(37,000)
At 31 December 2008	<u>159,000</u>

A provision is held for environmental restoration at the Company's leasehold site, based upon a schedule of expected costs over the next two years.

18 SHARE CAPITAL

The share capital comprises:

	2008	2007
Authorised: 25,000,000 preference shares of £1	25,000,000	25,000,000
25,000,000 ordinary shares of £1	25,000,000	25,000,000
	<u>50,000,000</u>	<u>50,000,000</u>
Issued: 8,000,000 preference shares of £1 each	8,000,000	8,000,000
2 ordinary shares of £1 each	2	2
	<u>8,000,002</u>	<u>8,000,002</u>

All ordinary and preference shares are held by Metsaliitto Co-operative (note 24). The terms of the preference shares entitle the holders to a fixed cumulative preferential dividend at a rate of 7%. redemption is at the option of the company. The holders have signed an indefinite waiver to their rights to these dividends, as such no dividend had been accrued and the share capital under the terms of FRS25 has been disclosed within equity.

19 RESERVES

	Profit and Loss Account £
As at 1 January 2008	(5,007,092)
Loss for the year	(310,602)
Actuarial gain on pension scheme	1,000
Movement on deferred tax relating to pension deficit	(280)
Movement on deferred tax relating to tax rate change	-
At 31 December 2008	<u>(5,316,974)</u>

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Loss for the year	(310,602)	(520,859)
Actuarial gain/(loss) on pension scheme	1,000	(60,000)
Movement on deferred tax relating to actuarial loss on pension scheme	(280)	18,000
Movement on deferred tax relating to tax rate change	-	(6,120)
	<hr/>	<hr/>
Net reduction in shareholders funds	(309,882)	(568,979)
	<hr/>	<hr/>
Opening shareholders' funds	2,992,910	3,561,889
	<hr/>	<hr/>
Closing shareholders' funds	2,683,028	2,992,910
	<hr/>	<hr/>

21 PENSIONS

The company participates in the Finnforest UK Pension Plan which is made up of a defined contribution scheme and a defined benefit scheme, both administered by JLT Benefit Solutions Ltd. The disclosures below relate solely to the proportion of this scheme attributable to Burt Boulton & Haywood employees. The company also makes contributions to the Group Personal Pension Plan administered by Standard life.

Finnforest UK Pension Plan – Defined Contribution Scheme

The pension cost for the scheme, which represents contributions payable by Burt Boulton & Haywood Limited, amounted to £6,634 (2007: £6,524). There is £929 of outstanding contributions at the balance sheet date (2007: £933).

Group Personal Pension Plan

The pension cost for the scheme, which represents contributions payable by Burt Boulton & Haywood Limited, amounted to £12,780 (2007: £11,542). There is £1,078 of outstanding contributions at the balance sheet date (2007: £1,054).

Finnforest UK Pension Plan – Defined Benefit Scheme

The company participates in the Finnforest UK Pension Plan which contains a funded defined benefit arrangement. The Finnforest UK Pension Plan is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities for past and present employees. The level of retirement benefit is principally based on salary earned in the last three years of employment.

The trustees of the scheme are required to act in the best interest of the scheme's beneficiaries. The appointment of the trustees is determined by the scheme's trust documentation. It is policy that one third of all trustees should be nominated by the members.

A full actuarial valuation was carried out as at 6 April 2008 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the scheme is agreed between the company and the trustees in line with those requirements. In particular these require the deficit to be calculated using prudent, as opposed to best estimate, actuarial assumptions.

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

21 PENSIONS (Continued)

Finnforest UK Pension Plan – Defined Benefit Scheme (continued)

This actuarial valuation showed a deficit of £6,442,000 for the whole scheme. Finnforest UK Limited has agreed with the trustees that it will aim to eliminate the deficit over a period of 9 years from 6 April 2009 by the part payment of annual contributions of £798,000 in respect of the deficit. In addition and in accordance with the actuarial valuation, Finnforest UK Limited has agreed with the trustees that it will pay 21.8% of pensionable earning in respect of the cost of accruing benefits and will meet its share of the expenses of the scheme and levies to the Pension Protection Fund.

The next valuation is due as at 6 April 2011.

For the purposes of FRS17 the actuarial valuation as at 6 April 2008, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 31 December 2008.

FRS 17 retirement benefits

Assumptions

An outstanding valuation of the UK GAAP Ltd pension scheme using the projected unit basis, was carried out at 31 December 2008 by Pension Capital Strategies Actuaries (a member of the Jardine Lloyd Thompson Group). The major assumptions used were:

	As at 31 December 2008	As at 31 December 2007	As at 31 December 2006
Inflation	2.60%	3.3% p.a.	2.80% p.a.
Salary increases	3.60%	4.3% p.a.	4.30% p.a.
Rates of discount	6.00%	5.6% p.a.	5.20% p.a.
Pension in payment increases	2.60%	3.3% p.a.	2.80% p.a.
Revaluation rate for deferred pensioners	2.60%	3.3% p.a.	2.80% p.a.

The mortality assumptions adopted at 31 December 2008 imply the following life expectancies at age 65.

Male currently age 45	23.1
Female currently age 45	25.9
Male currently age 65	22.0
Female currently age 65	24.8

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

21 PENSIONS (continued)

The assets of the scheme and the expected rates of return were:

Assets

	As at 31 December 2008 £	As at 31 December 2007 £	As at 31 December 2006 £
Equities	614,000	985,000	823,000
Bonds	263,000	321,000	297,000
Gilts	28,000	20,000	-
Hedged funds	-	-	88,000
Cash	178,000	158,000	19,000
	<u>1,083,000</u>	<u>1,484,000</u>	<u>1,227,000</u>
Present value of scheme liabilities	(1,349,000)	(1,790,000)	(1,511,000)
	<u>(266,000)</u>	<u>(306,000)</u>	<u>(284,000)</u>
Pension deficit	(266,000)	(306,000)	(284,000)
Deferred tax asset	74,480	85,680	85,200
	<u>(191,520)</u>	<u>(220,320)</u>	<u>(198,800)</u>

Expected long term rate of return

	As at 31 December 2008	As at 31 December 2007	As at 31 December 2006
Equities	7.40% p.a.	7.40% p.a.	6.45% p.a.
Bonds	6.50% p.a.	5.70% p.a.	5.20% p.a.
Gilts	3.90% p.a.	4.90% p.a.	-
Hedged funds	-	-	6.45% p.a.
Cash	3.00% p.a.	5.5% p.a.	5.00% p.a.

The long term expected rate of return on cash is determined by reference to bank base rates at the balance sheet dates. The long term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long term expected rate of return on equities is based on the rate of return on bonds with an allowance for out performance.

Analysis of the amounts charged to operating profit:

	31 December 2008 £	31 December 2007 £
Current service cost	<u>30,000</u>	<u>27,000</u>

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

21 PENSIONS (continued)

Analysis of the amounts credited/(charged) to other finance income:

	31 December 2008 £	31 December 2007 £
Expected return on pension scheme assets	103,000	76,000
Interest on pension scheme liabilities	(101,000)	(78,000)
	<hr/>	<hr/>
Net finance credit/(charge)	2,000	(2,000)
	<hr/>	<hr/>

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	31 December 2008 £	31 December 2007 £
Scheme liabilities at start of period	1,790	1,511
Current service cost	30	27
Interest cost	101	78
Contributions by scheme participants	6	8
Actuarial (gains)/losses	(304)	45
Benefits paid and death in service insurance premiums	(17)	(44)
Adjustment for Finnforest UK Ltd membership	(257)	165
	<hr/>	<hr/>
Scheme liabilities at end of period	1,349	1,790
	<hr/>	<hr/>

Reconciliation of opening and closing balances of the fair value of scheme assets

	31 December 2008 £	31 December 2007 £
Fair value of scheme assets at start of period	1,484	1,227
Expected return on scheme assets	103	76
Actuarial (losses)	(303)	(15)
Contributions by employer	67	67
Contributions by scheme participants	6	8
Benefits paid and death in service insurance premiums	(17)	(44)
Adjustment for Finnforest UK Ltd membership	(257)	165
	<hr/>	<hr/>
Fair value of scheme assets at end of year	1,083	1,484
	<hr/>	<hr/>

The actual return on the scheme assets over the period ending 31 December 2008 was (£200,000).

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

21 PENSIONS (continued)

History of experience gains and losses

A history of the amounts recognised in the statement of total recognised gains and losses for the previous five years ending 31 December are as follows:

	2008	2007	2006	2005	2004
Differences between expected and actual return of scheme assets:					
Amount	£(303,000)	£(15,000)	£37,000	£172,000	£139,000
Percentage of scheme assets	3%	1%	3%	14%	15%
Experience gains and losses on scheme liabilities:					
Amount	£49,000	£75,000	£49,000	£(135,000)	£(57,000)
Percentage of the present value of the scheme liabilities	4%	4%	3%	30%	4%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:					
Amount	£255,000	£(120,000)	£30,000	£(154,000)	£(153,000)
Percentage of the present value of the scheme liabilities	19%	7%	2%	11%	12%
Total actuarial gain or loss:					
Amount	£1,000	£(60,000)	£116,000	£(117,000)	£(71,000)
Percentage of the present value of the scheme liabilities	0%	3%	8%	35%	6%

The cumulative amount of actuarial gains/(losses) recognised in the STRGL since adoption of FRS17 is (£222,000).

22 OPERATING LEASE COMMITMENTS

At 31 December the company had annual commitments under non-cancellable leases expiring as follows:

	2008		2007	
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment
	£	£	£	£
Within one year	-	-	-	-
Within two to five years	-	34,284	-	-
After five years	115,236	-	115,236	-

There are no annual commitments under non-cancellable operating leases for other assets.

23 DERIVATIVE FINANCIAL INVESTMENTS

At the year end the company held two forward currency contracts to buy Euros from group companies at set rates. The fair value of these instruments which are not recognised in these financial statements is a asset of £66,737 at 31 December 2008.

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008 (continued)

24 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of Metsaliitto Co-operative, the Company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" from disclosing transactions with other members of the group headed by Metsaliitto Co-operative.

25 IMMEDIATE AND ULTIMATE PARENT UNDERTAKING AND RELATED PARTIES

The immediate and ultimate holding company is Metsaliitto Co-operative, a co-operative established in Finland which owns 100% of the ordinary share capital of the company. The company has taken advantage of the exemption not to disclose transactions or balances with entities that are part of the group or are investees of the group. Copies of consolidated financial statements are available from: Metsaliitto Cooperative, Revontulentie 6, FIN-02100 ESPOO, Finland.