BURT BOULTON & HAYWOOD LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2009

Registered number 3540326

BURT BOULTON & HAYWOOD LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

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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 2009

The directors present their report and the audited financial statements for the year ended 31 December 2009

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

The Directors expect the present level of activity to be sustained for the foreseeable future

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 £101,093 (2008 £310,602 loss) The directors do not recommend payment of a dividend (2008· £nil). The loss for the year has been transferred to reserves

Directors and directors' interests

The following directors served during the year·

R Allan
W Clason

Neither of the directors had any interest in the share capital of the company or any company within the Metsaliitto Group at 31 December 2009 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 2009 (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 re-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

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under Company Law the directors must not approve the financial statements unless they are satisfied that they 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

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware and the directors have taken all the steps that they each ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BURT BOULTON & HAYWOOD LIMITED

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution to reappoint them will be proposed at the Annual General Meeting or Shareholders' Meeting

By order of the Board

W. Clason.

W Clason
Director
Burt Boulton and Haywood Ltd, Registered Number 3540326
16th September 2010

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 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Paul Jenkins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff 24 September 2010

BURT BOULTON & HAYWOOD LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £	2008 £
Turnover	2	**9,957,528**	9,621,773
Cost of sales		**(8,667,525)**	(8,223,910)
Gross profit		**1,290,003**	1,397,863
Distribution costs		**(657,948)**	(757,390)
Administrative expenses		**(735,184)**	(1,119,315)
Operating loss	3	**(103,129)**	(478,842)
Interest payable and similar charge	6	**(42,782)**	(151,330)
Interest receivable	7	**131**	258,849
Loss on ordinary activities before taxation		**(145,780)**	(371,323)
Tax credit on loss on ordinary activities	8	**44,687**	60,721
Loss for the year	19	**(101,093)**	(310,602)

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 11 to 26 form part of these financial statements.

BURT BOULTON & HAYWOOD LIMITED

STATEMENT OF TOTAL RECONISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Loss for the financial year		**(101,093)**	(310,602)
Actuarial (loss)/gain on pension scheme	21	**(35,000)**	1,000
Movement on deferred tax relating to pension liability	14	**9,800**	(280)
Total recognised losses		**(126,293)**	(309,882)

BURT BOULTON & HAYWOOD LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2009

	Notes	2009	2008
		£	£
Fixed assets			
Fixed asset investment	9	**505,100**	505,100
Tangible assets	11	**2,113,286**	2,362,282
		2,618,386	2,867,382
Current assets			
Stocks	12	**3,772,154**	4,533,963
Debtors	13	**1,461,303**	1,697,136
Cash at bank and in hand		**376**	25,054
		5,233,833	6,256,153
Creditors amounts falling due within one year	15	**(4,303,507)**	(5,360,599)
Net current assets		**930,326**	895,554
Total assets less current liabilities		**3,548,712**	3,762,936
Creditors. amounts falling due after more than one year	16	**(638,214)**	(729,388)
Provisions for liabilities and charges	17	**(166,563)**	(159,000)
Net assets – excluding pension liability		**2,743,935**	2,874,548
Net pension liability	21	**(187,200)**	(191,520)
Net assets		**2,556,735**	2,683,028
Capital and reserves			
Called up share capital	18	**8,000,002**	8,000,002
Profit and loss account	19	**(5,443,267)**	(5,316,974)
Equity shareholders' funds	20	**2,556,735**	2,683,028

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

W. Clason

W Clason
Director
Burt Boulton & Haywood Limited
16th September 2010

Registered number 3540326

The notes on pages 11 to 26 are an integral part of these financial statements

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006, subsequent amendments and applicable accounting standards in the United Kingdom. The principal accounting policies which have been applied consistently are set out below

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 2009 (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.

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 publicly 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.

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

2 ANALYSIS OF TURNOVER

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

3 OPERATING LOSS

Operating loss is stated after charging/(crediting)	2009 £	2008 £
Depreciation	**297,799**	347,861
Lease costs – Land and buildings	**115,236**	74,235
- Machinery	**34,284**	5,714
Amortisation of goodwill	**Nil**	249,470
Amortisation of deferred income (note 16)	**(91,174)**	(91,174)
Profit on sale of fixed assets	**nil**	(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.-

	2009 £	2008 £
Fees payable for the audit of the company	**17,640**	16,640
Fees paid for other services – tax compliance	**3,800**	6,630

4 DIRECTORS AND EMPLOYEES

Employee costs including directors	2009 £	2008 £
Wages and salaries	**971,748**	934,694
Social Security costs	**80,489**	88,874
Pension costs	**37,771**	51,414
	1,090,008	1,074,982

The average number of employees including directors was

	2009 Number	2008 Number
Production	**21**	26
Management and administration	**12**	12
	33	38

5 DIRECTORS' EMOLUMENTS

	2009	2008
	£	£
Aggregate directors' emoluments	78,710	76,798

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 £12,080 (2008 £9,657) 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

	2009	2008
	£	£
Interest on overdraft	32,782	153,316
Other financing costs	-	14
FRS 17 finance expense/(income) (note 21)	10,000	(2,000)
	42,782	151,330

7 INTEREST RECEIVABLE

	2009	2008
	£	£
Bank Interest Receivable	131	466
Other Interest receivable	-	258,383
	131	258,849

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

8 TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of credit in the year

	2009	2008
	£	£
Current tax:		
UK corporation tax charge at 28% on loss for the year		
(2008 28.5% effective rate)	-	-
Adjustments in respect of prior year	-	537
Total current tax charge	-	537
Deferred tax:		
Origination and reversal of timing differences	**(56,167)**	(72,178)
Pension cost relief in excess of pension charge	**11,480**	10,920
Total Deferred Tax	**(44,687)**	(61,258)
Tax credit on loss on ordinary activities	**(44,687)**	(60,721)

(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

	2009	2008
	£	£
Loss on ordinary activities before tax	**(145,780)**	(371,323)
Loss on ordinary activities multiplied by rate of corporation tax of 28% (2008 28 5%)	**(40,818)**	(105,827)
(Income)/expenses not deductible for tax purposes	**(14,794)**	51,568
Accelerated capital allowances and other timing differences	**7,766**	16,118
Other Timing Differences	**59,326**	49,256
Pension cost relief	**(11,480)**	(11,115)
Adjustment in respect of prior year	-	537
Current tax charge for the year	-	537

9 FIXED ASSET INVESTMENT

	2009	2008
	£	£
Investment in subsidiary	**500,000**	500,000
Investment in associated company	**5,100**	5,100
	505,100	505,100

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 2008 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 generated a loss after tax of £15,238 to the period 31 December 2009 The aggregate capital and reserves at this date was (£22,756)

10 INTANGIBLE ASSETS

	Goodwill
	£
Cost	
At 1 January 2009 and 31 December 2009	**4,989,393**
Amortisation	
At 1 January 2009 and 31 December 2009	**4,989,393**
Net Book Value	
At 31 December 2008 and 31 December 2009	-

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

11 TANGIBLE ASSETS

	Freehold land and buildings £	Short leasehold property £	Plant and equipment £	Total £
Cost				
At 1 January 2009	368,700	1,341,374	3,747,443	5,457,517
Additions	-	-	48,803	48,803
As at 31 December 2009	368,700	1,341,374	3,796,246	5,506,320
Depreciation				
At 1 January 2009	138,750	306,485	2,650,000	3,095,235
Charged in year	13,750	24,358	259,691	297,799
As at 31 December 2009	**152,500**	**330,843**	**2,909,691**	**3,393,034**
Net book value				
At 31 December 2009	**216,200**	**1,010,531**	**886,555**	**2,113,286**
At 31 December 2008	229,950	1,034,889	1,097,443	2,362,282

12 STOCKS

	2009 £	2008 £
Raw materials and consumable stores	**2,510,754**	3,048,092
Finished goods	**1,261,400**	1,485,871
	3,772,154	4,533,963

13 DEBTORS

	2009 £	2008 £
Trade debtors	**1,111,147**	1,411,209
Other debtors	**65,895**	65,603
Deferred tax asset (note 14)	**229,820**	173,653
Prepayments and accrued income	**54,441**	46,671
	1,461,303	1,697,136

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

14 DEFERRED TAX

	Accelerated capital allowances £	Pension scheme deficit £	Total £
(Asset) at 1 January 2009	(173,653)	(74,480)	(248,133)
(Credited)/charged to profit and loss account	(56,167)	11,480	(44,687)
Actuarial movements			
Movement in current year	-	(9,800)	(9,800)
(Asset) at 31 December 2009	**(229,820)**	**(72,800)**	**(302,620)**

There are no unrecognised deferred tax assets

15 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Bank overdraft (see below)	**2,261,511**	3,266,111
Trade creditors	**992,946**	1,170,844
Amounts owed to Group companies	**514,960**	500,000
Other creditors	**64,114**	80,473
Taxation and social security	**235,263**	224,728
Accruals and deferred income	**234,713**	118,443
	4,303,507	5,360,599

The overdraft is not secured against the company's assets

16 CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The company has received 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

	2009 £	2008 £
At 1 January	**729,388**	820,562
Released to Profit and Loss Account	**(91,174)**	(91,174)
At 31 December	**638,214**	729,388

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Restoration £
As at 1 January 2009	159,000
Charged to Profit & Loss account	48,000
Utilised	(40,437)
At 31 December 2009	**166,563**

A provision is held for environmental restoration at the Company's leasehold site, based upon a schedule of forecasted future costs

18 SHARE CAPITAL

The share capital comprises

		2009	2008
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
		50,000,000	50,000,000
Issued	8,000,000 preference shares of £1 each	**8,000,000**	8,000,000
	2 ordinary shares of £1 each	**2**	2
		8,000,002	8,000,002

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 2009	(5,316,974)
Loss for the year	(101,093)
Actuarial gain on pension scheme	(35,000)
Movement on deferred tax relating to pension deficit	9,800
At 31 December 2009	**(5,443,267)**

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Loss for the year	**(101,093)**	(310,602)
Actuarial (loss)/gain on pension scheme	**(35,000)**	1,000
Movement on deferred tax relating to actuarial loss on pension scheme	**9,800**	(280)
Net reduction in shareholders funds	**(126,293)**	(309,882)
Opening shareholders' funds	**2,683,028**	2,992,910
Closing shareholders' funds	**2,556,735**	2,683,028

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

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 £5,630 (2008. £6,634) There is £436 of outstanding contributions at the balance sheet date (2008 £929)

Group Personal Pension Plan
The pension cost for the scheme, which represents contributions payable by Burt Boulton & Haywood Limited, amounted to £12,741 (2008 £12,780) There is £931 of outstanding contributions at the balance sheet date (2008 £1,078)

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.

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 to 31 December 2009

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

21 PENSIONS (continued)

FRS 17 retirement benefits

Assumptions

A valuation of the Finnforest UK pension scheme was carried out at 31 December 2009 by Pension Capital Strategies Actuaries (a member of the Jardine Lloyd Thompson Group) The major assumptions used were

	As at 31 December 2009	As at 31 December 2008	As at 31 December 2007
Inflation	**3.6%**	2 60%	3.3% p a.
Salary increases	**4.6%**	3 60%	4.3% p a
Rates of discount	**5.8%**	6 00%	5 6% p.a
Pension in payment increases	**3.6%**	2 60%	3 3% p a.

The mortality assumptions adopted at 31 December 2009 are 100% of the standard tables PxA92 These imply the following

	As at 31 December 2009	As at 31 December 2008
Male currently aged 65 in 2009	**22.0**	22 0
Female currently aged 65 in 2009	**24.9**	24 8
Male retiring at age 65 in 2029	**23.1**	23 1
Female retiring at age 65 in 2029	**25.9**	25.9

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

Assets

	As at 31 December 2009 £	As at 31 December 2008 £	As at 31 December 2007 £
Equities	**601,000**	614,000	985,000
Bonds	**770,000**	263,000	321,000
Gilts	**-**	28,000	20,000
Property	**154,000**	-	-
Cash	**20,000**	178,000	158,000
	1,545,000	1,083,000	1,484,000
Present value of scheme liabilities	**(1,805,000)**	(1,349,000)	(1,790,000)
Pension deficit	**(260,000)**	(266,000)	(306,000)
Deferred tax asset	**72,800**	74,480	85,680
Net pension deficit	**(187,200)**	(191,520)	(220,320)

21 PENSIONS (continued)

Expected long term rate of return

	As at 31 December 2009	As at 31 December 2008	As at 31 December 2007
Equities	7.40% p.a.	7.40% p a.	7 40% p a.
Bonds	6.50% p.a.	6 50% p a.	5 70% p a.
Gilts	3.90% p.a.	3 90% p a.	4 90% p a.
Property	7.40% p.a.	-	-
Cash	3.00% p.a.	3 00% p a.	5 5% p a.

The long term expected rate of return on cash is determined by the rate of return on bonds less a margin 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 2009 £	31 December 2008 £
Current service cost	19,000	30,000

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

	31 December 2009 £	31 December 2008 £
Expected return on pension scheme assets	71,000	103,000
Interest on pension scheme liabilities	(81,000)	(101,000)
Net finance (charged) / credited	(10,000)	2,000

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21 PENSIONS (continued)

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

	31 December 2009 £000	31 December 2008 £000
Scheme liabilities at start of period	**1,349**	1,790
Current service cost	**19**	30
Interest cost	**81**	101
Contributions by scheme participants	**7**	6
Actuarial losses / (gains)	**273**	(304)
Benefits paid and death in service insurance premiums	**(17)**	(17)
Adjustment for Finnforest UK Ltd membership	**93**	(257)
Scheme liabilities at end of period	**1,805**	1,349

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

	31 December 2009 £000	31 December 2008 £000
Fair value of scheme assets at start of period	**1,083**	1,484
Expected return on scheme assets	**71**	103
Actuarial gains / (losses)	**238**	(303)
Contributions by employer	**70**	67
Contributions by scheme participants	**7**	6
Benefits paid and death in service insurance premiums	**(17)**	(17)
Adjustment for Finnforest UK Ltd membership	**93**	(257)
Fair value of scheme assets at end of year	**1,545**	1,083

The actual return on the scheme assets over the period ending 31 December 2009 was £309,000

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:

	2009	2008	2007	2006	2005
Differences between expected and actual return of scheme assets					
Amount	**£238,000**	£(303,000)	£(15,000)	£37,000	£172,000
Percentage of scheme assets	**15%**	(28%)	(1%)	3%	14%
Experience gains and losses on scheme liabilities					
Amount	**£41,000**	£49,000	£75,000	£49,000	£(135,000)
Percentage of the present value of the scheme liabilities	**2%**	4%	4%	3%	(30%)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities					
Amount	**(£232,000)**	£255,000	£(120,000)	£30,000	£(154,000)
Percentage of the present value of the scheme liabilities	**(13%)**	19%	(7%)	2%	(11%)
Total actuarial gain or loss					
Amount	**(£35,000)**	£1,000	£(60,000)	£116,000	£(117,000)
Percentage of the present value of the scheme liabilities	**(2%)**	0%	(3%)	8%	(35%)

The cumulative amount of actuarial gains/(losses) recognised in the STRGL since adoption of FRS17 is (£257,000)

22 OPERATING LEASE COMMITMENTS

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

	2009		2008	
	Land & Buildings	**Vehicles, Plant & Equipment**	Land & Buildings	Vehicles, Plant & Equipment
	£	**£**	£	£
Within one year	-	-	-	-
Within two to five years	-	**34,284**	-	34,284
After five years	**115,236**	-	115,236	-

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

23 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

24 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 Copies of consolidated financial statements are available from Metsaliitto Cooperative, Revontulentie 6, FIN-02100 ESPOO, Finland