BURT BOULTON & HAYWOOD LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2010

Registered number 3540326

BURT BOULTON & HAYWOOD LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

CONTENTS

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 2010

The directors present their report and the audited financial statements for the year ended 31 December 2010

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

Business performance was impacted by reduced sales into the Utility sector in 2010, where we experience curtailed spending on pole refurbishment projects Non -recurring costs include £295k restructuring costs following the closure of the Leven operation

We anticipate increased sales volumes across business streams for 2011 and profitability will be further improved as we focus on a single site operation which will deliver further cost saving opportunities

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 £172,277 (2009: £101,093 loss) The directors do not recommend payment of a dividend (2009 £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 2010 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

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 · 29/3/11

W Clason
Director
Burt Boulton and Haywood Ltd, Registered Number 3540326

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 2010 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 and express an opinion on 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 2010 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 29 March 2011

BURT BOULTON & HAYWOOD LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
Turnover	2	**8,820,822**	9,957,528
Cost of sales		**(7,495,863)**	(8,667,525)
Gross profit		**1,324,959**	1,290,003
Distribution costs		**(709,428)**	(657,948)
Administrative expenses		**(789,922)**	(735,184)
Operating loss	3	**(174,391)**	(103,129)
Interest payable and similar charge	6	**(21,095)**	(42,782)
Interest receivable	7	**-**	131
Loss on ordinary activities before taxation		**(195,486)**	(145,780)
Tax credit on loss on ordinary activities	8	**23,209**	44,687
Loss for the year	19	**(172,277)**	(101,093)

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 25 form part of these financial statements

BURT BOULTON & HAYWOOD LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2009 £	2009 £
Loss for the financial year		**(172,277)**	(101,093)
Actuarial (loss)/gain on pension scheme	21	**90,000**	(35,000)
Movement on deferred tax relating to pension liability	14	**(24,300)**	9,800
Total recognised losses		**(106,577)**	(126,293)

BURT BOULTON & HAYWOOD LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2010

	Notes	2010	2009
		£	£
Fixed assets			
Fixed asset investment	9	**505,100**	505,100
Tangible assets	10	**1,822,837**	2,113,286
		2,327,937	2,618,386
Current assets			
Assets held for resale	11	**91,200**	
Stocks	12	**2,899,437**	3,772,154
Debtors	13	**894,418**	1,461,303
Cash at bank and in hand		**14,350**	376
		3,899,405	5,233,833
Creditors: amounts falling due within one year	15	**(3,034,868)**	(4,303,507)
Net current assets		**864,537**	930,326
Total assets less current liabilities		**3,192,474**	3,548,712
Creditors: amounts falling due after more than one year	16	**(547,041)**	(638,214)
Provisions for liabilities and charges	17	**(101,835)**	(166,563)
Net assets – excluding pension liability		**2,543,598**	2,743,935
Net pension liability	21	**(93,440)**	(187,200)
Net assets		**2,450,158**	2,556,735
Capital and reserves			
Called up share capital	18	**8,000,002**	8,000,002
Profit and loss account	19	**(5,549,844)**	(5,443,267)
Equity shareholders' funds	20	**2,450,158**	2,556,735

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

W. Clason. 29/3/11

W Clason
Director
Burt Boulton & Haywood Limited

Registered number 3540326

The notes on pages 11 to 25 are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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

The financial statements contain information about Burt Boulton & Haywood Limited as an individual company and do not contain financial information as the parent of a group The Company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, as it and its subsidiaries are included by full consolidation in the financial statements of its parent, Metsaliitto Co-operative The subsidiary of the Company is dormant, and therefore would not be material for consolidated financial statements if prepared

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 For short term lease hold properties, the amortisation period is not longer that the length of the lease

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

Assets held for resale

Assets are held within current assets, classified as assets held for resale, when the assets no longer satisfy the criteria for classification as a fixed asset Assets are held at the lower of cost and net realisable value

Deferred Tax

Deferred tax ıs recognısed ın respect of all tımıng dıfferences that have orıgınated but not reversed at the balance sheet date, where transactıons or events that result ın an oblıgatıon to pay more tax ın the future or a rıght to pay less tax ın the future have occurred at the balance sheet date

A net deferred tax asset ıs recognısed only when, on the basıs of all avaılable evıdence, ıt can be regarded as more lıkely than not that there wıll be suıtable taxable profıts agaınst whıch to recover carrıed forward tax losses and/or from whıch the future reversal of underlyıng tımıng dıfferences can be deducted

Deferred tax ıs measured at the average tax rates that are expected to apply ın the perıods ın whıch the tımıng dıfferences are expected to reverse based on tax rates and laws that have been enacted or substantıally enacted by the balance sheet date Deferred tax ıs measured on a non-dıscounted basıs

Pensions

Payments to defıned contrıbutıon pensıon schemes are charged as an expense to the profıt and loss account as they fall due

For defıned benefıt pensıon schemes, the oblıgatıon ıs calculated by ındependent actuarıes Actuarıal gaıns and losses, whıch represent dıfferences between the expected and actual return on the plan assets and the effect of changes ın the actuarıal assumptıons, are recognısed ın full ın the perıod ın whıch they occur ın the Statement of Total Recognısed Gaıns and Losses All other gaıns and losses are taken to the profıt and loss account

The defıned retırement benefıt oblıgatıon recognısed ın the Balance Sheet comprıses the total for each plan of the present value of the benefıt oblıgatıon usıng a dıscount rate determıned by market yıelds on hıgh qualıty corporate bonds, less the faır values of the scheme assets at the balance sheet date Thıs oblıgatıon ıs offset, where applıcable, by the related deferred tax asset

Foreign currency translation

Monetary foreıgn currency assets and lıabılıtıes held at the balance sheet date are translated ınto sterlıng at the rates rulıng on the balance sheet date Normal tradıng transactıons denomınated ınto foreıgn currency are recorded ın sterlıng at the exchange rate on the date of the transactıon
All exchange dıfferences on monetary assets and lıabılıtıes are dealt wıth through the profıt and loss account

Cash flow statements

The company ıs exempt from the requırement of Fınancıal Reportıng Standard No 1 (revısed) to prepare a cash flow statement as ıt ıs a wholly owned subsıdıary undertakıng The consolıdated fınancıal statements of the parent company Metsalııtto Co-operatıve are publıcly avaılable.

Government grants and assistance

Grants towards the purchase of assets are treated as deferred ıncome that ıs credıted to the profıt and loss account over the related asset's useful economıc lıfe, on a straıght lıne basıs

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (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)	2010 £	2009 £
Depreciation	**298,865**	297,799
Lease costs – Land and buildings	**192,207**	115,236
- Machinery	**34,284**	34,284
Amortisation of deferred income (note 16)	**(91,174)**	(91,174)
Loss on sale of fixed assets	**140,521**	-

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 -

	2010 £	2009 £
Fees payable for the audit of the company	**17,140**	17,640
Fees paid for other services – tax compliance	**5,700**	3,800

4 DIRECTORS AND EMPLOYEES

Employee costs including directors	2010 £	2009 £
Wages and salaries	**850,731**	971,748
Social Security costs	**77,923**	80,489
Pension costs	**41,826**	37,771
	970,480	1,090,008

The average number of employees including directors was

	2010 Number	2009 Number
Production	**19**	21
Management and administration	**10**	12
	29	33

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

5 DIRECTORS' EMOLUMENTS

	2010	2009
	£	£
Aggregate directors' emoluments	**80,992**	78,710

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 £12,245 (2009. £12,080) 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

	2010	2009
	£	£
Interest on overdraft	**19,095**	32,782
FRS 17 finance expense/(income) (note 21)	**2,000**	10,000
	21,095	42,782

7 INTEREST RECEIVABLE

	2010	2009
	£	£
Bank Interest Receivable	**-**	131
	-	131

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

8 TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of credit in the year

	2010	2009
	£	£
Current tax:		
UK corporation tax charge at 28% on loss for the year (2009 28% effective rate)	-	-
Adjustments in respect of prior year	-	-
Total current tax charge	-	-
Deferred tax:		
Origination and reversal of timing differences	**(45,357)**	(56,167)
Pension cost relief in excess of pension charge	**11,340**	11,480
Changes in Tax Rates	**10,808**	-
Total deferred tax asset	**(23,209)**	(44,687)
Tax credit on loss on ordinary activities	**(23,209)**	(44,687)

(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.

	2010	2009
	£	£
Loss on ordinary activities before tax	**(195,486)**	(145,780)
Loss on ordinary activities multiplied by rate of corporation tax of 28% (2009 28%)	**(54,736)**	(40,818)
Expenses/(income) not deductible for tax purposes	**19,459**	(14,794)
Accelerated capital allowances and other timing differences	**6,666**	7,766
Other Timing Differences	**39,951**	59,326
Pension cost relief	**(11,340)**	(11,480)
Current tax charge for the year	-	-

9 FIXED ASSET INVESTMENT

	2010 £	2009 £
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 The value of the investment is supported by inter-company debt due to the subsidiary from the Company

The company holds 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 holds 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 £13,163 to the period 31 December 2010 The aggregate capital and reserves at this date was £41,653

10 TANGIBLE ASSETS

	Freehold land and buildings £	Short leasehold property £	Plant and equipment £	Total £
Cost				
At 1 January 2010	368,700	1,341,374	3,796,246	5,506,320
Additions	-	-	246,307	246,307
Disposals	(277,500)	-	(769,562)	(1,047,062)
Transferred to assets held for resale	(91,200)	-	-	(91,200)
As at 31 December 2010	**-**	**1,341,374**	**3,272,991**	**4,614,365**
Depreciation				
At 1 January 2010	152,500	330,843	2,909,691	3,393,034
Charged in year	17,292	24,358	257,215	298,865
Disposals	(169,792)	-	(730,579)	(900,371)
As at 31 December 2010	**-**	**355,201**	**2,436,327**	**2,791,528**
Net book value				
At 31 December 2010	**-**	**986,173**	**836,664**	**1,822,837**
At 31 December 2009	216,200	1,010,531	886,555	2,113,286

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

11 ASSETS HELD FOR RESALE

	Freehold land and buildings £
At 1 January 2010	-
Transferred from tangible fixed assets	91,200
As at 31 December 2010	**91,200**

Following the closure of the Scottish operation in the year, the site has been re-classified from tangible fixed assets to assets held for resale The site is valued at historic cost, which the Directors consider to be below the expected future sale price

12 STOCKS

	2010 £	2009 £
Raw materials and consumable stores	**2,090,507**	2,510,754
Finished goods	**808,930**	1,261,400
	2,899,437	3,772,154

13 DEBTORS

	2010 £	2009 £
Trade debtors	**501,942**	1,111,147
Other debtors	**65,770**	65,895
Deferred tax asset (note 14)	**266,969**	229,820
Prepayments and accrued income	**59,737**	54,441
	894,418	1,461,303

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

14 DEFERRED TAX

	Accelerated capital allowances £	Pension scheme deficit £	Total £
(Asset) at 1 January 2010	(229,820)	(72,800)	(302,620)
(Credited)/charged to profit and loss account	(37,149)	13,940	(23,209)
Actuarial movements			
Movement in current year	-	24,300	24,300
(Asset) at 31 December 2010	**(266,969)**	**(34,560)**	**(301,529)**

There are no unrecognised deferred tax assets

15 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Bank overdraft (see below)	**1,117,903**	2,261,511
Trade creditors	**973,431**	992,946
Amounts owed to Group companies	**512,666**	514,960
Other creditors	**58,307**	64,114
Taxation and social security	**240,563**	235,263
Accruals and deferred income	**131,998**	234,713
	3,034,868	4,303,507

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

	2010 £	2009 £
At 1 January	**638,214**	729,388
Released to Profit and Loss Account	**(91,173)**	(91,174)
At 31 December	**547,041**	638,214

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Restoration £
As at 1 January 2010	166,563
Charged to Profit & Loss account	48,000
Utilised	(112,728)
At 31 December 2010	**101,835**

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

		2010	2009
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

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

19 RESERVES

	Profit and Loss Account £
As at 1 January 2010	(5,443,267)
Loss for the year	(172,277)
Actuarial gain on pension scheme	90,000
Movement on deferred tax relating to pension deficit	(24,300)
At 31 December 2010	**(5,549,844)**

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Loss for the year	**(172,277)**	(101,093)
Actuarial (loss)/gain on pension scheme	**90,000**	(35,000)
Movement on deferred tax relating to actuarial loss on pension scheme	**(24,300)**	9,800
Net reduction in shareholders funds	**(106,577)**	(126,293)
Opening shareholders' funds	**2,556,735**	2,683,028
Closing shareholders' funds	**2,450,158**	2,556,735

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 £5,690 (2009 £5,630) There is £479 of outstanding contributions at the balance sheet date (2009 £436).

21 PENSIONS (continued)

Group Personal Pension Plan
The pension cost for the scheme, which represents contributions payable by Burt Boulton & Haywood Limited, amounted to £8,289 (2009. £12,741) There is £700 of outstanding contributions at the balance sheet date (2009. £931)

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 2010.

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 2010	As at 31 December 2009	As at 31 December 2008
Inflation	**3.5%**	3.6%	2 60%
Salary increases	**4.5%**	4.6%	3 60%
Rates of discount	**5.4%**	5.8%	6 00%
Pension in payment increases	**3.5%**	3.6%	2 60%

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

21 PENSIONS (continued)

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

	As at 31 December 2010	As at 31 December 2009
Male currently aged 65 in 2010	**22.1**	22 0
Female currently aged 65 in 2010	**25.0**	24 9
Male retiring at age 65 in 2030	**23.1**	23 1
Female retiring at age 65 in 2030	**25.9**	25 9

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

Assets

	As at 31 December 2010 £	As at 31 December 2009 £	As at 31 December 2008 £
Equities	**690,000**	601,000	614,000
Bonds	**831,000**	770,000	263,000
Gilts	**-**	-	28,000
Property	**173,000**	154,000	-
Cash	**28,000**	20,000	178,000
	1,722,000	1,545,000	1,083,000
Present value of scheme liabilities	**(1,850,000)**	(1,805,000)	(1,349,000)
Pension deficit	**(128,000)**	(260,000)	(266,000)
Deferred tax asset	**34,560**	72,800	74,480
Net pension deficit	**(93,440)**	(187,200)	(191,520)

Expected long term rate of return

	As at 31 December 2010	As at 31 December 2009	As at 31 December 2008
Equities	**7.40%**	7 40% p a	7 40% p a
Bonds	**5.80%**	6 50% p a	6 50% p a
Gilts	**4.40%**	3 90% p a.	3 90% p a
Property	**7.40%**	7 40% p a.	-
Cash	**3.00%**	3 00% p a.	3 00% 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

BURT BOULTON & HAYWOOD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (continued)

21 PENSIONS (continued)

Analysis of the amounts charged to operating profit:

	31 December 2010 £	31 December 2009 £
Current service cost	**25,000**	19,000

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

	31 December 2010 £	31 December 2009 £
Expected return on pension scheme assets	**103,000**	71,000
Interest on pension scheme liabilities	**(105,000)**	(81,000)
Net finance (charged)	**(2,000)**	(10,000)

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

	31 December 2010 £000	31 December 2009 £000
Scheme liabilities at start of period	**1,805**	1,349
Current service cost	**25**	19
Interest cost	**105**	81
Contributions by scheme participants	**7**	7
Actuarial losses / (gains)	**35**	273
Benefits paid and death in service insurance premiums	**(18)**	(17)
Adjustment for Finnforest UK Ltd membership	**(109)**	93
Scheme liabilities at end of period	**1,850**	1,805

21 PENSIONS (continued)

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

	31 December 2010 £000	31 December 2009 £000
Fair value of scheme assets at start of period	**1,545**	1,083
Expected return on scheme assets	**103**	71
Actuarial gains / (losses)	**125**	238
Contributions by employer	**69**	70
Contributions by scheme participants	**7**	7
Benefits paid and death in service insurance premiums	**(18)**	(17)
Adjustment for Finnforest UK Ltd membership	**(109)**	93
Fair value of scheme assets at end of year	**1,722**	1,545

The actual return on the scheme assets over the period ending 31 December 2010 was £228,000

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

	2010	2009	2008	2007	2006
Differences between expected and actual return of scheme assets					
Amount	**£125,000**	£238,000	£(303,000)	£(15,000)	£37,000
Percentage of scheme assets	**7%**	15%	(28%)	(1%)	3%
Experience gains and losses on scheme liabilities					
Amount	**£49,000**	£(41,000)	£49,000	£75,000	£49,000
Percentage of the present value of the scheme liabilities	**3%**	2%	4%	4%	3%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities					
Amount	**(£84.000)**	(£232,000)	£255,000	£(120,000)	£30,000
Percentage of the present value of the scheme liabilities	**(5%)**	(13%)	19%	(7%)	2%
Total actuarial gain or loss					
Amount	**90,000**	(£35,000)	£1,000	£(60,000)	£116,000
Percentage of the present value of the scheme liabilities	**5%**	(2%)	0%	(3%)	8%

The cumulative amount of actuarial gains/(losses) recognised in the STRGL since adoption of FRS17 is (£167,000)

22 OPERATING LEASE COMMITMENTS

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

	2010 Land & Buildings	2010 Vehicles, Plant & Equipment	2009 Land & Buildings	2009 Vehicles, Plant & Equipment
	£	£	£	£
Within one year	-		-	-
Within two to five years	-	34,284	-	34,284
After five years	214,900	-	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