

CSC Forest Products (Holdings) Limited

Report and Financial Statements

31 December 2011



Registered Number 1499352

DIRECTORS

F B McLeish
K Morris

SECRETARY

A McMeekin

AUDITORS

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

BANKERS

National Westminster
6-8 George Street
Edinburgh
EH2 2SA

REGISTERED OFFICE

Hill Village
South Molton
Devon
EX36 4HP

DIRECTORS' REPORT

The directors present their annual report and financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company did not trade throughout the year

POST BALANCE SHEET EVENT

On 2nd April 2012, as part of a group re-organisation, Norbord Ltd sold its trade and net assets to Norbord Europe Ltd for £119.7million. As a result the directors have reviewed the carrying value of the company's investments resulting in an impairment charge of £83.7m

DIRECTORS

The directors who served during the year were as follows

F B McLeish
K Morris

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

On behalf of the board



KR Morris
Director

Date 2 July 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments 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

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Independent auditors' report to the members of CSC Forest Products (Holdings) Limited

We have audited the financial statements of CSC Forest Products (Holdings) Limited for the year ended 31 December 2011 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK 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.

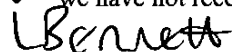
Other matters prior year financial statements

In forming our opinion on the financial statements, which is not modified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditor to state that the corresponding figures contained within these financial statements are unaudited.

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



L Bennett (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

3 July 2012

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2011

	<i>Notes</i>	<i>2011 £000</i>	<i>2010 £000</i>
Provision for write down of investment		(83,905)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(83,905)</u>	<u>-</u>
Tax on loss on ordinary activities	3	<u>-</u>	<u>-</u>
RETAINED LOSS FOR YEAR		<u><u>(83,905)</u></u>	<u><u>-</u></u>

BALANCE SHEET
At 31 December 2011

	<i>Notes</i>	<i>2011 £000</i>	<i>2010 £000</i>
FIXED ASSETS			
Investments	4	<u>179,933</u>	<u>263,657</u>
CURRENT ASSETS			
Debtors - amounts falling due			
- within one year	5	3,256	-
- after one year	5	<u>-</u>	<u>3,411</u>
		3,256	3,411
CREDITORS amounts falling due within one year	6	<u>(60,196)</u>	<u>-</u>
NET CURRENT (LIABILITIES)/ ASSETS		<u>(56,940)</u>	<u>3,411</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		122,993	267,068
CREDITORS amounts falling due after more than one year	7	<u>-</u>	<u>(60,170)</u>
NET ASSETS		<u>122,993</u>	<u>206,898</u>
CAPITAL AND RESERVES			
Called-up share capital	8	117,048	117,048
Share premium account	9	87,570	87,570
Profit and loss account	9	<u>(81,625)</u>	<u>2,280</u>
SHAREHOLDERS' FUNDS	9	<u>122,993</u>	<u>206,898</u>

These financial statements were approved by the board on 2 July 2012 and were signed on its behalf by



KR Morris
Director

NOTES TO THE ACCOUNTS
At 31 December 2011

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention

The directors expect the Company to be able to continue to meet its financial obligations as they fall due. Accordingly, the directors continue to believe the going concern basis of preparation of the financial statements remains appropriate

Investments

Investments are held at cost less provision for permanent diminution in value

Taxation

Corporation tax payable is provided on taxable profits at the current rate

The taxation liabilities of certain group members are reduced wholly or in part by the surrender of tax losses by fellow group members. Tax benefits arising from the surrender of losses are recognised in the financial statements of the surrendering and recipient companies

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 future or a right to pay less tax in future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Group's taxable profits and its results as stated in the financial statements

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

Cash flow Statement

Under the provisions of Financial Reporting Standard 1 (Revised), the company has not prepared a cash flow statement because the results of Norbord Investments (UK) Limited have been included in the consolidated accounts of Norbord Inc

The company has taken benefit from the exemption from the requirement to prepare consolidated accounts since the results and financial position are included in the accounts of Norbord Inc, a company incorporated in Canada which prepares consolidated accounts that include the results of the company

2 DIRECTORS' EMOLUMENTS

The directors of the Company received no fees or emoluments during the year (2010 - £Nil)

NOTES TO THE ACCOUNTS
At 31 December 2011

3. TAX ON (LOSS)/ PROFIT ON ORDINARY ACTIVITIES

	2011 £000	2010 £000
Tax charge	-	-
Factors affecting current tax charge		
The tax assessed on the profit on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 26.5% (2010: 28.0%)		
The differences are reconciled below		
(Loss)/ Profit on ordinary activities before tax	(83,905)	-
(Loss)/ Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010: 28.0%)	(22,235)	-
Effect of		
Impairment write down on investment	22,235	-
Total current tax	-	-

Factors that may affect future tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 30 March 2012. This will reduce the company's future current tax charge accordingly and further reduce the deferred tax asset at 31 December 2011.

NOTES TO THE ACCOUNTS
At 31 December 2011
4. FIXED ASSET INVESTMENTS
Movement in investments

	<i>Listed Securities £000</i>	<i>Shares in subsidiary undertakings £000</i>	<i>Total £000</i>
Cost			
1 January 2011	12	263,745	263,757
Transfers from subsidiary company	-	181	181
31 December 2011	12	263,926	263,938
Provisions			
1 January 2011	-	100	100
Provided in the year	-	83,905	83,905
31 December 2011	-	84,005	84,005
Net book value			
31 December 2011	12	179,921	179,933
31 December 2010	12	263,645	263,657

The company has investments in the following major subsidiary undertakings which it holds directly
 Certain wholly owned non-trading subsidiary undertakings have not been disclosed in order to avoid a statement of excessive length

<i>Name of Company</i>	<i>Country of incorporation</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of Business</i>
Norbord BV	Netherlands	Ordinary Shares	100%	Board and panel importer and sales agent
Norbord Ltd	England	Ordinary Shares	100%	Manufacture of wood based products

NOTES TO THE ACCOUNTS
At 31 December 2011
5. DEBTORS

	2011 £000	2010 £000
Amounts falling due within one year		
Amounts owed by fellow subsidiary undertakings	3,256	3,411
Amounts falling due after one year		
Amounts owed by fellow subsidiary undertakings	-	3,411

6 CREDITORS: amounts falling due within one year

	2011 £000	2010 £000
Amounts owed to other group undertakings	60,196	-

7 CREDITORS: amounts falling due after more than one year

	2011 £000	2010 £000
Amounts owed to other group undertakings	-	60,170

8 CALLED-UP SHARE CAPITAL

	2011 £000	Allotted, called-up and fully paid 2010 £000
Ordinary shares £1 each	117,048	117,048

9. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Called-up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2011	117,048	87,570	2,280	206,898
Loss for the year	-	-	(83,905)	(83,905)
At 31 December 2011	117,048	87,570	(81,625)	122,993

Of the reserves shown above, only the profit and loss account is distributable

NOTES TO THE ACCOUNTS
At 31 December 2011

10. CONTINGENT LIABILITIES

The company has guaranteed the liabilities of certain fellow subsidiary undertakings with a cross composite bank guarantee provided to the group's bankers in respect of bank overdrafts. At 31 December 2011 there was no amount outstanding (2010 - £Nil)

11 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that are part of the Norbord Inc group

12 PARENT UNDERTAKING AND CONTROLLING PARTY

The company's parent undertaking and controlling party is Brookfield Asset Management Inc incorporated in Canada. Copies of group financial statements can be obtained from Suite 300, 181 Bay Street, Toronto, ON Canada, M5J 2T3