

WEST INDIES PULP AND PAPER GROUP

Auditors' Report

To the Members of
WEST INDIES PULP & PAPER LIMITED

We have examined the financial statements set out on pages 9 to 24 and have obtained all the information and explanations which we required. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary.

As disclosed in note 2, the financial statements have been prepared in conformity with generally accepted accounting principles which contemplate the continuation of the group as a going concern. The group sustained losses for the year of \$4,051,396 and has a deficit of \$57,107,141 as at November 30, 1995, (1994: \$53,055,745) and current liabilities exceed current assets by \$37,719,939 (1994: \$77,083,937). The group's continuation as a going concern, therefore, is dependent on its ability to obtain continued financing and, ultimately, on future profitable operations.

In our opinion, proper accounting records have been maintained and the financial statements, which are in agreement therewith, give, except for the effects, if any, of the resolution of the uncertainty mentioned in the preceding paragraph, a true and fair view of the state of affairs of the company and the group as at November 30, 1995 and the loss and cash flows of

the group for the year then ended, and comply with the provisions of the Companies Act.

KMPG Peat Marwick
CHARTERED ACCOUNTANTS

July 18, 1996