

WEST INDIES PULP & PAPER LIMITED 1996

Auditors' Report

To the Members of
WEST INDES PULP & PAPER LIMITED

We have examined the financial statements as set out, 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 company has a working capital deficit and continues to experience liquidity problems. The group's continuation as a going concern, therefore, is dependent on obtaining continued financing and continued future profitable operations. We do not express an opinion as to the group's ability to maintain profitable operations and the effect such operations may have on financing requirements.

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, 1996 and the profit and cash flows of the group for the year then ended, and comply with the provisions of the

Companies Act.

KPMG Peat Marwick

July 23, 1997

Rolf Lanigan
Raphael E. Gordon
John W Atkinson

Kelvin St. C. Roberts
Cary A Fenton
Patricia O. Dailey-Smith

Elizabeth A. Jones
Linroy J. Marshall

Patrick A. Chin
R Tarun Handa
