

WEST INDIES PULP & PAPER LIMITED 1997

Auditors' Report

To the Members of
WEST INDIES PULP & PAPER LIMITED

We have audited the financial statements as set out, and have obtained all the information and explanations which we required. The financial statements are the responsibility of the directors and management. In preparing the financial statements, the directors and management are required to select suitable accounting policies and apply them consistently, make judgements and estimates that are reasonable and prudent, follow applicable accounting standards and prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business for the foreseeable future. The directors and management are responsible for keeping proper accounting records, for safeguarding the assets of the company, and for the prevention and detection of fraud and other irregularities. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of Jamaica. Those standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates

made by the directors and management, and evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

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, however, sustained a loss for the year and, as at balance sheet date, continues to have a working capital deficit and to experience liquidity problems. The group's continuation as a going concern is, therefore, dependent on obtaining continued financing and, ultimately, on future profitable operations. We do not express an opinion on the group's ability to attain profitable operations nor on 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 and have been prepared in accordance with generally accepted accounting principles, 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 the company's and the group's affairs as at November 30, 1997 and of the group's loss and cash flows for the year then ended, so far as concerns members of the company, and comply with the provisions of the Companies Act.

KPMG Peat Marwick

April 8, 1998
