

632121 British Columbia Ltd.
Financial Statements
March 31, 2002

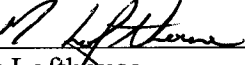
632121 British Columbia Ltd.

Statement of Management Responsibility


Management, in accordance with Canadian generally accepted accounting principles, has prepared the financial statements of *632121 British Columbia Ltd.* These statements present fairly the financial position of the Corporation as at March 31, 2002 and results of its operations for the period from incorporation, August 7, 2001, to March 31, 2002.

Management is responsible for the preparation, integrity and objectivity of the financial statements. Systems of internal control are developed and maintained by management to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained to provide a reliable basis for preparation of the financial statements.

The Auditor General of British Columbia has performed an independent audit of the financial statements. The Report of the Auditor General outlines the scope of his audit and his opinion on the financial statements of *632121 British Columbia Ltd.*



Mark Lofthouse
President



Doug Callbeck
Vice-President, Secretary &
Treasurer

Victoria, British Columbia
April 30, 2002



Report of the Auditor General of British Columbia

To the Shareholder of 632121 British Columbia Ltd_[AM1].

I have audited the balance sheet of *632121 British Columbia Ltd.* as at March 31, 2002 and the statement of operations and retained earnings for the period from incorporation, August 7, 2001, to March 31, 2002. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of *632121 British Columbia Ltd.* as at March 31, 2002 and the results of its operations for the period then ended in accordance with Canadian generally accepted accounting principles.

Wayne Strelieff, CA
Auditor General

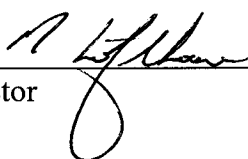
*Victoria, British Columbia
April 30, 2002*

632121 British Columbia Ltd.
Balance Sheet


March 31, 2002

(thousands of dollars)	2002
	\$
Assets	
Current assets	
Due from Skeena Cellulose Inc. (note 4)	-
	-
Liabilities	
Current liabilities	
Accounts payable	-
	-
Shareholder's equity	
Share capital (note 5)	-
Retained earnings	-
Contributed surplus (note 6)	-
	-
	-

On behalf of the Board



Director



Director

The accompanying notes are an integral part of these financial statements.

632121 British Columbia Ltd.
Statement of Operations and Retained Earnings

For the period from incorporation, August 7, 2001, to March 31, 2002

(thousands of dollars)	2002
	\$
Revenue	-
	-
Expenses	
Write off of due from Skeena Cellulose Inc.	124,125
	124,125
Loss for the year	(124,125)
Transfer from contributed surplus (note 6)	124,125
Retained earnings end of period	-

The accompanying notes are an integral part of these financial statements.

632121 British Columbia Ltd.

Notes to the Financial Statements

March 31, 2002

1. Nature of business

632121 British Columbia Ltd., (the "Corporation") was incorporated on August 7, 2001 under the *Company Act* of British Columbia and is wholly owned by the Province of British Columbia.

The purpose of the Corporation is to hold loans receivable from Skeena Cellulose Inc. that were guarantee payouts by the Province of British Columbia.

The Minister of Finance acts as fiscal agent for the Corporation. The Corporation is exempt from federal and provincial taxes.

2. Cessation of operations

By resolution of the directors the corporation is to be wound up and its assets and liabilities as at March 31, 2002 distributed to the Province of British Columbia.

3. Significant accounting policy

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. A statement of cash flows is not presented, as it would not provide any additional meaningful information. These financial statements take into account the costs associated with the settlement of all the known obligations that were in place at the time of the statements.

4. Due from Skeena Cellulose Inc.

This represented the value of the guarantees paid out by the Province of British Columbia for Skeena Cellulose Inc. loans and the subsequent assignment of the loans to the Corporation.

5. Related party transactions

The Corporation is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, unless disclosed separately in these financial statements, are generally considered to be in the normal course of operations and are recorded at the exchange amount.

The Ministry of Competition, Science and Enterprise provide general administrative services to the Corporation at no cost. The cost of this support is not material and has not been recorded in these financial statements.

632121 British Columbia Ltd.

Notes to the Financial Statements

March 31, 2002

6. Share capital

The Corporation has authorized capital consisting of 100,000,000 common shares without par value. The Minister of Competition, Science and Enterprise holds the one common share issued as representative of Her Majesty the Queen in right of the Province of British Columbia.

7. Contributed surplus

With the write-off of the loans the directors passed a resolution transferring the contributed surplus to retained earnings.