

**Western Forest Products
Inc.
(WEF: \$0.90)
Initiating Coverage**

**Outperform
Target Price \$2.20**

We are initiating coverage of Western Forest Products and assigning it a rating of Outperform, with a target price of \$2.20. The reason for our recommendation is the stock's severe undervaluation. The \$0.90 share price is half the \$1.82 book value per share as of March 31, 2008. It is little more than a third of our estimated net realizable asset value of \$2.60 per share. Our \$2.20 target is the average of book value and estimated net realizable asset value.

Although quarterly losses may continue for a while, they are not likely to have a significant effect on net asset values. Contrary to popular belief, log and lumber prices have been moving flat to higher in Canadian dollar terms. Although volumes are down, the company's reliance on contract logging and ability to shut its sawmills temporarily in slack periods should enable it to weather the downturn fairly comfortably. Although US house prices are under pressure and mortgage loan defaults are rising, housing starts have been extremely depressed for more than a year, and we expect to see an upturn by next year.

July 3, 2008

Since 2004, when it became the successor company to the restructured Doman Industries, Western has been effectively controlled by the property giant Brookfield Asset Management. Brookfield uses a split-share structure to ensure that it will itself be controlled by a small group of persons close to management. Certain BC environmentalists, taxpayer groups, and forest workers have argued that the public's interest in BC's forests cannot be safeguarded if Crown forest tenures are held by narrow private interests. They petitioned the province's Auditor General to look into a 2007 decision by the Minister of Forests that allowed Western to withdraw 28,000 hectares (70,000 acres) of private land from tree farm licenses, preparatory to sale to property developers. Although a reversal of the withdrawal would temporarily reduce our estimate of net realizable value by \$0.50, our target price would decline by only half that amount, to \$1.95, and the targeted gain would still exceed 100%.

In order to avoid public policy disputes of this kind in the future, we would like to see Brookfield reduce its holding in Western Forest Products to a minority position, allowing Western to function unambiguously as a widely-held public company.

The Company and Industry

Western Forest Products, formerly Doman Industries, is a major integrated softwood forest products company with timberland operations on Vancouver Island, the British Columbia mainland coast, and the Queen Charlotte Islands. On Crown-owned forest tenures it has an available annual cut of 7.5 million cubic meters, of which it utilized 77% in 2006 and 71% in 2007. Its eight sawmills produced one billion board feet of lumber in 2006 and have a theoretical capacity (three shifts) of 1.6 billion board feet. Certain physical data and summary financial data beginning with 2006 are presented in Table 1 at end below. Prior years are not comparable, because of the acquisitions early in 2006 of Cascadia from the Brookfield group and the Englewood Logging Division from Canfor. These were important acquisitions that more than doubled the company's available annual cut.

Although the plight of Canada's forest industry is undeniable, it should also not be exaggerated. Last year was marked by a major non-recurring event – a United Steelworkers strike that lasted from July 20 to October 21. Had the strike not occurred, we believe Western's operating cash flow in 2007 would have been around a positive \$35 million rather than a negative \$52 million. In that event, operating cash flow in the last two years would have cumulated to more than \$100 million, or more than half the current equity market value. In Canadian dollar terms, log price realizations have been tolerably stable, and lumber pricing has trended upward.

Weak lumber volumes are mainly the result of the US housing market decline. That decline and the unsustainable peak that preceded it were the consequence of extravagant US monetary policies and the failed program, started in 2003 under the "American Dream Down Payment Act," of encouraging home ownership by minorities. On the other hand, the decline in log volumes is to a large extent the result of Canada's own forest policies. Since cut controls have been eliminated and much logging has been offloaded onto contractors, licensees like Western can reduce logging activity, let their contractors bear much of the burden of uncovered fixed costs, and allow the trees to grow without having to relinquish cutting rights.

The softwood lumber dispute with the United States had three phases. First there were US import quotas that ran from 1996 to 2001, with punitive duties on shipments in excess of quota. Then came a mix of anti-dumping and countervailing duties from 2002 to 2006. Finally, there was a "settlement" that imposes a Canadian export tax of 15% for so long as US lumber prices remain below certain levels. The initial quota system opposed not only free trade and NAFTA but the very principle of market pricing. The final "settlement" is manifestly unfair in that it punishes Canada for lumber price weakness that is purely a reaction to US mortgage market excesses. If there is fairness or economic logic in this dispute that has run for more than a decade, it has not been explained to the Canadian public.

Indeed, some observers believe that the US authorities will stop at nothing short of the outright privatization of Canadian Crown lands. Furthermore, they suspect that Canada's two major political parties share a liking for the privatization agenda, and that this is why their response to American demands has been feeble. The possibility of creeping privatization endows forest companies like Western with speculative appeal, but it also sows the seeds of dissension and conflict.

The Restructuring Of Doman Industries

Western Forest Products' predecessor company was Doman Industries, a company that was founded by the Doman family in 1967 and by 2000 was 70%-owned by them. It incurred debt to acquire the British Columbia assets of ITT Industries in 1980 and certain assets of Pacific Forest Products in 1997. Then the company suffered a series of reverses, commencing with the Asian economic crisis of 1997 and continuing with the US softwood lumber dispute and finally the collapse of the housing market.

By 2002 Doman Industries faced looming debt maturities that could not be met from its financial resources. Following discussions with Brascan (now Brookfield), the advisor to Tricap (an affiliate of Brascan's and one of Doman's unsecured creditors), a restructuring plan was tentatively agreed upon. The plan was to give the unsecured creditors 85% of the reorganized company's common stock. The other 15% was to be divided equally between the former common shareholders and the former preferred stockholders of Doman.

As part of the agreement reached with the unsecured creditors, Doman filed for protection under the Companies' Creditors Arrangement Act (Canada) ("CCAA"). Protection was granted on November 7, 2002, and the presiding judge called for comments on the draft restructuring plan. When objections were raised by the secured creditors, the plan was rejected. Negotiations began anew, and they were to run for eighteen months before a final agreement was reached in July 2004.

In the course of the discussions, outsiders' bids to acquire Doman – including one from Cerberus Capital Management and another from International Forest Products (Interfor) – were considered and rejected. In the end, the plan that was approved differed from the original plan in one important respect: the former common and preferred shareholders of Doman got none of the common shares of the new company, for which the name Western Forest Products was adopted. They did get warrants to acquire a small number of shares if defined price targets were met, but the targets will almost certainly not be met, and the warrants will expire worthless.

Table 2 at end shows the effect of restructuring on the balance sheet of December 31, 2003, and thereafter. The translated values of the different notes declined over time because the notes were US dollar denominated and the Canadian unit was strengthening. The 1999 secured notes with accrued interest (\$207 plus \$42 million) were replaced with new notes of \$272 million, which in turn were replaced at maturity by a Brookfield term loan of \$206 million. The 1994 and 1997 unsecured notes received 75% of the new common shares. The other 25% of the common shares were purchased by a group of standby purchasers led by Brookfield. The \$263 million initial carrying value assigned to the common shares was simply the asset total of \$682 million reduced by liabilities of \$419 million.

Some Unusual Features Of The Restructuring Plan

There were a number of peculiarities in the plan finally adopted. In our opinion, the following four are the most important.

(1) Secured debt. Since the unsecured creditors had tentatively approved the original plan, it must have been the secured creditors who blocked it, forcing the 18-month hiatus. The Brookfield group was an important owner of the secured debt. Did they acquire that debt in the course of the negotiations? Corporate restructuring is supposed to be fair to those who are owed money. It should not have to be fair to those who buy debt instruments speculatively, no doubt at discounts from face value.

(2) "Affected creditors". These were creditors that stood to lose money in a Doman corporate bankruptcy, and who were therefore entitled to participate in restructuring hearings. The presiding judge refused to recognize the secured creditors as "affected," even with respect to interest income accruing, since they could expect to be fully compensated from asset sales even in a bankruptcy. If that judgment had been rendered at the outset, the secured creditors would not have been permitted to block the original plan, and the 18-month hiatus would probably not have occurred.

(3) The 1999 secured notes. The secured debt consisted of US\$160 million 12% senior notes privately placed in June 1999. The notes were senior to US\$550 million of 1994 and 1997 notes, both unsecured. These prior issues could not be secured because Doman's bank debt was itself secured by most of the company's assets. Although the company stated that the 1999 note issue proceeds were used to repay the bank debt, the noteholders could not have been accorded security that the banks already possessed. This must have been a linked transaction in which the banks securitized their credits and sold the note to private parties. It would seem that private interests with the help of the banks were already jockeying for control of the troubled Doman. The 1999 transaction should have been hotly contested by 1994 and 1997 noteholders, since the banks assisted the new creditors to move to the front of the queue. It even seems possible that the banks, by securitizing bank loans for sale, were in technical violation of the US Glass-Steagall Act, which was not repealed until six months later, in December 1999.

(4) Doman's liquidation value. In the course of the reorganization, Doman's liquidation value was estimated by the company's financial advisors. As shown in Table 2, assets were downgraded from \$749 million to \$682 million. However, we believe the evaluators missed some key opportunities to elevate book values to fair value. It was almost as if the creditors wanted to take over the company more than they wanted to see the assets sold and their money recovered.

Here are some examples of assets that were apparently overlooked:

First, companies do not pay for their public forest tenures; they commit to paying annual rent and "stumpage" for trees cut, and they capitalize only the cost of improvements such as roads. The tenures can typically be sold for considerably more than their book or carrying values.

Second, the company at the time of restructuring had at least five lawsuits in progress against the BC provincial government, but no consideration seems to have been given to the possibility of successful outcomes.

Third, Doman stood to gain some \$110 million in duty refunds once the softwood lumber dispute was settled, but the expected refunds do not appear to have been taken into account.

Fourth, likely provincial compensation for the takeback of annual available cut in 2003 does not seem to have been considered. Later, when some compensation was received, it was used ultra-conservatively to write down the carrying value of the forest tenures in question.

Fifth, no consideration was given to the possibility that private lands contributed to tree farm licence areas could be withdrawn and sold.

Brookfield's Control Over Western Forest Products

The Brookfield group owns 49% of Western's 119.8 million common shares and all of its 84.6 million nonvoting shares, for an overall interest of 70%. It is impossible for an outsider to know how much money Brookfield has put into Western Forest Products, but it cannot have been a great deal. The \$272 million that Brookfield and other secured creditors expended for new notes in the Doman restructuring came back to them through the buyout of the old notes. Brookfield's stake in the 1994 and 1997 unsecured notes was converted into new common shares. Since the notes had probably been bought at a deep discount, the cost basis of the shares must have been small. The 2006 rights offering that lifted Brookfield's ownership to 70% would have cost the group some \$225 million, some \$100 million more than what its holdings are worth at today's market price. However, the purpose of the rights offering was to enable Western to purchase Cascadia from Brookfield, so the latter company again took back with one hand what it paid with the other.

Meanwhile, Brookfield's control of Western has allowed it to direct the other company's cash flows – as when the \$110 million softwood duty refund received by Western in December 2006 promptly passed to Brookfield under the caption of debt repayment. Control of one company by another naturally leads to confusion between capital repayment and income and between non-taxable and taxable events. For that reason, Brookfield's term loan was replaced in March 2008 by a term loan from a syndicate led by GE Capital, whereupon Brookfield announced that there would be no more purely financial dealings between itself and Western.

British Columbia's Forest Act of 1996 allows the Minister of Forests to cancel a company's forest tenures if control of that company passes to another. Brookfield skirted the control issue by holding only 49% of Western's common or voting shares and keeping the rest of its 70% position in non-voting stock. The cancellation right is not mandatory but discretionary, and the Minister raised no objection to Brookfield's effective control position. However, the matter is under consideration by the province's Auditor General, and so the last word has not yet been uttered. The Minister recently vacated the Forests portfolio and assumed a different cabinet position.

Property Development Issues

Belying its small equity market capitalization of \$184 million, Western occupies centre stage in Vancouver Island land use discussions. Its forest tenures are a kind of halfway house between public land and private property. Although public land can rarely be sold directly to a private interest without raising eyebrows, it can be transferred in a land swap to a forest company, which may then sell it in a private transaction. Western was reportedly used in this way in the transfer of land west of Victoria that became the Bear Mountain Resort development. Timber and forest licenses, though subject to stumpage fees and annual rentals, are awarded with no initial charge, but they can be sold for tens of millions of dollars. When a company's allowable cut is reduced, it is commonly promised financial compensation, the amount of which is discretionary. When a license holder must give up cutting rights to a First Nations band or logging company, compensation is again offered. The provincial government has found inventive ways to "return" private land that was contributed to a tree farm license decades ago, probably without any thought of ever being reclaimed.

In January 2007 the Minister of Forests authorized Western's withdrawal of 28,000 hectares (70,000 acres) of private land from tree farm license areas 6, 19, and 25. Some ten percent of the total acreage was promptly sold "conditionally" to a developer who wants to build coastal resort communities between Sooke and Jordan River. The word "conditional" suggests that the sale may not go through unless the benefit of rezoning accrues to the developer rather than to Western's shareholders. Brookfield's own interests are ambiguous, since it might associate itself with either Western's shareholders or the developer.

The outcome of the affair is in doubt. Environmentalists have petitioned the Auditor General to ask the legislature to reverse the withdrawal; the Capital Regional District has downzoned the lands to limit the scope for development; while the developer is seeking expedited approval from the province's Ministry of Transportation (the land use decisionmaker in unincorporated areas) before the downzoning can take effect.

Value Analysis

An analysis of Western's investment attraction begins with net asset value. As shown in Table 3 immediately below, book value at last March 31 was \$371 million. The company is conducting a sale of non-core assets that is expected to bring in cash proceeds of \$150-180 million. If this is the realizable market value, and if the sale will produce gains of 20% over book as recent sales have done, then another \$28 million can be added to book value.

As already noted, the outgoing BC Minister of Forests has allowed Western to withdraw 28,000 hectares (70,000 acres) of private lands from tree farm licences, in preparation for their eventual sale. We believe these lands have been classed as "Timberlands" rather than "Land" in the balance sheet. If that is so, then the carrying value must be very low, certainly in relation to the prices that would prevail if the lands could be sold for property development. In Table 3 we have attributed to the lands a \$1,500 per acre, or \$105 million, excess of market value over cost. Further, we understand that the 6,800 hectares (17,000 acres) of private lands acquired in March 2006 with Englewood's tree farm license 37 are additional to the 28,000 hectares cited above. We value them at \$1,500 per acre over cost as well, adding \$26 million to our workout of net realizable asset value.

Our adjusted net realizable asset value is \$530 million or \$2.60 a share, of which the present share price of \$0.90 represents only 35%.

Table 3. Western Forest Products: Adjustments of book value to net realizable asset value (million dollars)	
Net asset value, March 31, 2008	371
Add: Possible 20% gain on \$150-180 million non-core assets for sale	28
Add: Possible gain on 28,000 hectares (70,000 acres) of private land in tree farm licenses, at \$1,500 per acre	105
Add: Possible gain on 6,800 hectares (17,000 acres) of private land acquired from Englewood Logging Division, at \$1,500 per acre	26
Estimated net realizable asset value	530
(Equals \$2.60 per share on 204 million common and non-voting shares outstanding)	

The BC Auditor General's review could prove to be a win-win for Western. If no objection is raised to the removal of the 28,000 hectares from tree farm licenses, we believe our value analysis of Table 3. will tend to be confirmed. If there is an objection, we shall have to drop our realizable asset value by \$105 million or some \$0.50 a share, but the shares will still be selling at half of book and barely 40% of realizable asset value.

Moreover, fingers will be pointed not at Western but at others. It will be asked why the Minister of Forests did not object to the removal himself, who are the partners of the developer that has bid for some 10% of the land package, and why Western was directed to make a "conditional" sale in which the benefits from rezoning would presumably accrue to the developer rather than to Western's shareholders. If the independent shareholders of Western are cast as an injured party, as they should be, the way might be cleared for Brookfield to give up its effective control position.

Operating Outlook

Even such a large undervaluation as the one just described could be dissipated through operating losses. However, we do not believe losses of such magnitude are likely to occur. After all, almost half the cumulative deficit of \$179 million as of last March resulted not from market conditions but from the costly strike that occurred in last year's second half. Losses at the 2008 first quarter pace of \$17 million should not be particularly troublesome. A continuing loss of this magnitude would change the market-to-book ratio by only around two percentage points per quarter. That is, the present ratio of 50% would go to 52% after one quarter and 54.5% after two.

As can be seen from Table 1, the standard conception that forest industry profitability has been shattered by weak US demand and a strong Canadian dollar simply does not jibe with the facts. Western's log price realizations since 2005 have been roughly stable in Canadian dollar terms, and the company's lumber price realizations over the same period, again in the Canadian currency, have actually increased by 15-20%. If forest companies had been oversupplying product to a market too shrunken to accept it, realizations would have gone down, not up.

True, Western and others have been taking downtime to keep the market from becoming oversupplied, but the fact that they can do so illustrates the degree to which they control their own destiny. Western does not have to pay severance when it temporarily furloughs sawmill workers. It has contracted out so much work that logging downtime is borne substantially by others. For example, contractors absorbed 60% of the latest employment cutbacks announced on June 20. When plants are idle, even depreciation charges are lessened, and they are non-cash charges in any case. Interest payments have to be made, but long-term debt at March 31 was not excessive at \$133 million. As the sale of \$150-180 million in non-core assets proceeds, the debt can be paid down progressively to near zero. Interest costs will decline in the process, while the gains realized will tend to lift book value.

The state of the US housing market is probably the most important hazard confronting Canada's forest industry. The present market disarray had its origins in the administration's ill-fated policy, begun in 2003, to increase home ownership among minorities. The "zero down" program allowed homebuyers to pay higher insurance premiums instead of making a downpayment. The problem was that even a small decline in house prices left owners owing more than their houses could be sold for. As owners defaulted, their homes were put on the market, house prices fell, and more defaults ensued. The decline in house prices has naturally had an effect on new construction: housing starts this year are running at a 1 million seasonally adjusted annual rate, down from 1.35 million in 2007 and 1.80 million in 2006.

It is important to distinguish among buyers' creditworthiness, house prices, and housing starts. When homebuyers default, either their debt is restructured or they sell and become renters. The longer-term impact on the economy need not be large. Sales by distressed owners affect house prices at the margin, but such a price decline does not detract from the value of the total housing stock unless it has been overbuilt. There is no indication that the housing stock is excessive. Average annual housing starts since 2002 are 1.65 million; this is on trend and suggests that the "zero down" bulge of the years 2003-2006, when annual starts reached as high as 2.1 million, has already been smoothed out by the decline of 2007-2008. Even if there is a recession, which would have repercussions far beyond the housing sector, we would expect starts to climb back up next year.

This year there have been two months – March and May – in which the seasonally adjusted annual rate of housing starts was below one million. In the 593 months since the beginning of 1959, there have been only 22 other months with starts below a million, and nine of the 22 ran consecutively during 1981-82. It seems highly improbable, even if there is a recession, that starts will fail to pick up in the relatively near future.

Investment Outlook and Recommendation

The degree of Western's undervaluation is extraordinary, almost unprecedented. Admittedly, valuation is somewhat artificial, in the sense that asset values were adopted only in 2004, on a "fresh start" basis, in the course of the Doman restructuring. However, we believe the values adopted were probably if anything too low rather than too high. As we have indicated, many sources of value were not considered, possibly because key players in the process were more interested in taking over Doman than in getting their money back.

Admittedly, too, the way ahead is clouded by the apparently parlous state of the forest industry and the BC Auditor General's investigation of the process whereby the former Minister of Forests allowed Western to withdraw 28,000 hectares of private lands from tree farm licenses. However, we trust the Auditor General will distinguish between those who are actors and those who are being acted upon. Since Western is firmly under the control of Brookfield, it is the latter company, and not Western's minority shareowners, that prompted the Minister's action. If the Auditor General were to recommend that Western's forest licenses be given up, that would be like ending a hostage crisis by shooting the hostage.

The Auditor General's report is expected this month. His office has power only to report and make recommendations to the legislature. In our opinion, the only recommendation that could bring the dispute to a successful close would be that Brookfield sell down its control position and make Western a widely-held, truly public, company.

The Auditor General may not want to make such a recommendation outright, since it would involve securities law – and the law of Ontario at that. Still, he can make clear that it is not Western itself that is clouding the province's forest policy but rather its control by an Ontario property enterprise which itself has an unusual structure. Ontario has allowed Brookfield, a company that appears to be controlled by just 45 persons drawn mainly from the corporation's officers and directors, to achieve a \$19 billion equity market value, manage almost \$100 billion in assets, and exert a powerful influence over the public affairs of other provinces and even other nations. The BC legal system failed to stand up to Brookfield's challenge when it allowed the company to exert an overweening influence over the Doman restructuring hearings. The BC political system similarly failed when the incumbent Minister of Forests allowed Brookfield to take control of Western without surrendering the company's forest tenures, and it failed again when the then Minister of Community Services delayed approving a regional district downzoning of some Western tree farm license land that a property developer has sought to buy.

Ranged against the private interests of Brookfield are those of the public. The latter interests include a number of strange bedfellows – the forest workers of BC, environmentalists, and the public or minority shareholders of Western – who must be surprised that their interests have converged. All would be benefited if Brookfield were to reduce its controlling position in Western to a minority one.

There have been two positive signs that Brookfield and the province might be leaning in that direction. One appeared in mid-March, when Brookfield terminated its financing arrangements with Western. These had become an embarrassment to the controlling company, because the pass-through of funds from Western to Brookfield under the description “debt repayment” had raised both tax and governance issues. The other surfaced a few days ago, when both the Minister of Forests and the Minister of Community Services were moved to new BC cabinet positions. Both sought to distance themselves from stances that had proved highly unpopular – respectively, the failure to challenge Brookfield’s taking control of Western’s forest tenures and tardiness in implementing the regional district decision that discouraged the sale of tree farm license lands for development.

In short, not only is Western Forest Products’ undervaluation compelling, but there are prospects that it may be corrected before long. One does not need our full \$2.60 estimate of adjusted net asset value to make the thesis work; stated book value of \$1.82 a share will do quite well, affording an opportunity for a 100% capital gain. We are initiating coverage with an Outperform rating and a price target of \$2.20. Our target is the midpoint between the reported book value and our estimate of net realizable value.

Table 1. Western Forest Products – selected operating and financial data – million dollars except as noted				
	2006	2007	2007 First half annual rate	2008 First quarter
Available cut (tm3)	7,493	7,457		
Actual cut (tm3)	5,762	5,299	7,234	
Add: purchased logs (tm3)	654	967	1,108	
Subtotal (tm3)	6,416	6,266	8,342	
Less: logs sold (tm3)	2,084	2,369	3,186	455
Subtotal (tm3)	4,332	3,897	5,156	
Inventory decrease (increase)	(163)	(445)	(642)	
Logs converted (tm3)	4,169	3,452	4,514	
Logs sold (tm3)	2,084	2,369	3,186	455
(x) revenue per m3 (\$)	\$78	\$78	\$81	\$76
Log revenue	162.1	184.6	257.0	34.5
Logs converted (tm3)	4,169	3,452	4,514	
(x) board feet per m3	240	233	234	
Lumber production (mmbf)	1,000	804	1,056	
Lumber sales (mmbf)	976	829	1,048	188
(x) revenue per mbf	\$694	\$784	\$792	\$815
Lumber revenue	677.1	650.1	830.4	152.9
By-product revenue	57.6	55.8	67.4	16.3
Total revenue	896.8	890.5	1,154.8	203.7
EBITDA	138.2*	(13.8)	88.8	(9.9)
Operating profit (loss)	93.5	(46.6)	26.3	(17.7)
Net income (loss)	33.1	(55.8)	49.6	(17.0)
Non-cash charges (credits), net	36.5	3.8	(14.2)	18.8
Cash flow, contin'g operations	69.6	(52.0)	35.4	1.8
Shares outstanding, millions**				
- Common	119.8	119.8	NA	119.8
- Non-voting	84.6	84.6	NA	84.6
- Total	204.4	204.4	NA	204.4
Notes: m3 – cubic meter; tm3 – thousand cubic meters; mmbf – million board feet; mbf – thousand board feet				
* 27.9 before 110.3 softwood duty refund; ** end of period				

Table 2. Western Forest Products, Summary Balance Sheet 2003-2008, selected dates, in million dollars

	12/31/03	Restructured 12/31/03	12/31/06	12/31/07	3/31/08
Assets	749	682	899	816	782
Bank debt / revolver	30	30	4	49	58
Accounts payable, secured	83	83	117	90	111
Accounts payable, other	18				
1999 notes due 2004	207				
(ditto) accrued interest	42				
New secured notes		272			
1994 notes due 2004	503				
(ditto) accrued interest	65				
1997 notes due 2007	162				
(ditto) accrued interest	28				
Current portion term debt				101	
Long term debt			206	70	133
Other long term liabilities	30	34	121	110	109
Total liabilities	1,168	419	448	420	411
Shareholders account:					
Preferred shares	64				
Common shares	243				
New common and non voting shares		263	550	550	550
Retained earnings (deficit)	(726)	Nil	(99)	(154)	(179)
Total shareholders account	(419)	263	451	396	371
Liabilities and equity (deficit)	749	682	899	816	782

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