



June 17, 2000

## TimberWest Announces Strong Second Quarter Results and Third Quarter Cash Distribution

Vancouver, B.C. – For the quarter ended June 30, 2000, TimberWest generated distributable cash of \$28.2 million, or \$0.42 per weighted average Stapled Unit, a \$3.1 million improvement from the same quarter last year. Earnings available for distribution for the quarter were \$18.4 million, or \$0.27 per weighted average Stapled Unit, compared to earnings available for distribution of \$17.3 million, or \$0.25 per weighted average Stapled Unit for the corresponding period in 1999. Net sales were \$141.7 million for the second quarter of 2000 compared to \$118.7 million for the same period in 1999. Operating earnings did not change significantly from the corresponding period in 1999.

For the six month period ended June 30, 2000, distributable cash generated was \$56.6 million, or \$0.83 per weighted average Stapled Unit, a 14% improvement over 1999 distributable cash of \$49.6 million, or \$0.71 per weighted average Stapled Unit. Earnings available for distribution, before a \$54.6 million non-cash tax benefit, for the six month period were \$38.0 million, or \$0.56 per weighted average Stapled Unit, compared to \$34.8 million, or \$0.50 per weighted average Stapled Unit for 1999. Operating earnings improved 9% compared to the corresponding period in 1999. The Company also announced a distribution of \$0.269 per Stapled Unit payable October 15, 2000 to Unitholders of record on October 1, 2000.

"TimberWest has had another excellent quarter as a result of strong log sales shipments and realizations, " said Scott Folk, President and CEO. "The Company continues to demonstrate its flexibility in managing its resources to meet customer needs." Mr. Folk remarked that the short three-day strike by the IWA had no material effect on operations.

	Three Months Ended June 30		Six Months Ended June 30	
	2000	1999	2000	1999
	\$ millions		\$ millions	
Sales	141.7	118.7	247.3	215.2
Operating earnings	29.2	29.9	55.9	51.2
Earnings available for distribution before tax benefit related to proposed changes in income tax law and rates	18.4	17.3	38.0	34.8
Distributable cash	28.2	25.1	56.6	49.6
Proceeds from real estate sales and other assets	3.1	0.7	8.8	8.1
Capital expenditures	1.4	1.1	2.7	1.8



Distributions paid	18.7	18.7	37.5	37.5
\$ per unit:				
Earnings available for distribution before tax benefit related to proposed changes in income tax law and rates	0.27	0.25	0.56	0.50
Distributable cash	0.42	0.36	0.83	0.71
Distributions paid	0.27	0.27	0.54	0.54

### Outlook

TimberWest has experienced a strong first half of 2000, fuelled mainly by increased log sales volumes and prices. However, the second half of the year is expected to be weaker with the North American lumber market softening and the Japanese lumber market remaining weak. The main factor influencing Japanese lumber buyers is the introduction of the Housing Quality Assurance Law, which is meant to promote the construction of higher quality buildings resulting in a higher reliance by Japanese builders on kiln-dried and engineered lumber. This has resulted in significantly reduced demand and prices for green hemlock lumber on the Coast of B.C and this downward pressure is expected to continue. However, TimberWest expects international log sales to keep pace with the first half of the year and particularly expects prices in our main sales product, second growth Douglas fir logs, to be stable and sales volumes comparable to last year.

TimberWest also expects steady demand and prices for pulp logs given that pulp markets are in the midst of a protracted recovery. The Company will continue to optimize market opportunities as they arise through the flexible use of private timberlands, and to reduce costs where possible.

### Beverlee Park

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<b>Supplemental Information</b>	<b>For the three months ended June 30, 2000</b>	<b>For the three months ended June 30, 1999 (1)</b>	<b>For the six months ended June 30, 2000</b>	<b>For the six months ended June 30, 1999 (1)</b>
<i>(in millions of dollars, except as otherwise indicated)</i>				

### Unaudited

#### Additional Earnings Information

Net sales	\$141.7	\$118.7	\$247.3	\$215.2
Operating costs and expenses:				



Cost of products sold	105.0	81.8	176.8	150.4
Depreciation, depletion and amortization	3.8	4.1	7.6	7.6
Selling, administrative and other	3.7	2.9	7.0	6.0
	112.5	88.8	191.4	164.0
<b>Operating earnings</b>	29.2	29.9	55.9	51.2
Interest expense	(5.9)	(5.3)	(11.2)	(10.7)
Amortization of debt issue costs	(0.9)	(0.8)	(1.8)	(1.7)
Other expenses, net	(0.6)	(0.2)	(0.7)	(0.5)
<b>Earnings before income taxes</b>	\$ 21.8	\$ 23.6	\$ 42.2	\$ 38.3
<b>Earnings available for distribution before tax benefit related to proposed changes in income tax law and rates</b>	\$ 18.4	\$ 17.3	\$ 38.0	\$ 34.8
<b>Other Information</b>				
Cash generated from operations before changes in working capital	\$ 26.5	\$ 26.1	\$ 50.8	\$ 45.1
Additions to capital assets	\$ 1.4	\$ 1.1	\$ 2.7	\$ 1.8
Distributable cash	\$ 28.2	\$ 25.1	\$ 56.6	\$ 49.6
Stapled units outstanding (millions)	64.8	69.6	64.8	69.6
<b>Product Sales</b>				
Logs	\$107.0	\$ 88.7	\$175.9	\$149.9
Lumber	\$ 28.6	\$ 24.1	\$ 56.4	\$ 49.8
Real estate	\$ 1.2	\$ 0.7	\$ 5.6	\$ 6.6
Wood chips and other	\$ 4.9	\$ 5.2	\$ 9.4	\$ 8.9
	\$141.7	\$118.7	\$247.3	\$215.2
<b>Product Shipments</b>				
Logs (thousand m3)	936.7	850.5	1,520.0	1,393.8
Lumber (million fbm)	52.5	45.8	102.3	90.3

**Balance Sheet Information (at June)**



Equity	\$678.0	\$707.7	\$678.0	\$707.7
Debt (including short-term debt)	\$390.8	\$340.4	\$390.8	\$340.4
Working capital (excluding short-term debt and distribution payable)	\$ 62.1	\$ 57.2	\$ 62.1	\$ 57.2
Debt to total capitalization	37%	32%	37%	32%

1. Certain 1999 amounts have been restated to reflect changes in accounting policies relating to income taxes and employee future benefits resulting from adoption of recommendations of the Canadian Institute of Chartered Accountants.