



West Fraser Timber Co. Ltd

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NEWS RELEASE

WEST FRASER TIMBER CO. LTD. ("WFT") 2004 1st Quarter Results Tuesday, April 27, 2004

West Fraser Announces 1st Quarter Results *Record lumber production; antidumping developments favourable.*

Attention: Business & Financial Editors
Financial Analysts

Vancouver, B.C. **West Fraser Timber Co. Ltd.** today announced earnings of \$27 million or \$0.71 per share on sales of \$541 million for the first quarter of 2004, compared to earnings of \$11 million or \$0.29 per share on sales of \$487 million in the first quarter of 2003. EBITDA¹ was \$78 million or 14% of sales compared to \$41 million or 8% of sales for the first quarter of 2003. In accordance with new accounting requirements issued by the Canadian Institute of Chartered Accountants, sales figures presented for the current and prior periods are shown on a gross basis. Previously sales were presented net of freight and other distribution costs and duties.

Earnings and EBITDA increased despite a much stronger Canadian dollar versus the comparative period in 2003. The Canadian dollar averaged U.S. \$0.76 in the first quarter of 2004 compared to U.S. \$0.66 in the first quarter of 2003. The impact of the stronger Canadian dollar on first quarter operating earnings compared to the first quarter of 2003 was approximately \$40 million. Additionally, an exchange loss on translation of U.S. denominated debt of \$2 million was recorded in the first quarter compared to an exchange gain of \$16 million in the first quarter of 2003. First quarter earnings also include a \$10 million pre-tax, non-cash charge (after-tax \$6 million or \$0.17 per share) related to the expensing of share options.

Hank Ketcham, Chairman, President and Chief Executive Officer, stated, "Our sawmills operated very well this quarter and generated strong results on record production. We are also encouraged by stronger plywood prices and improved production in our pulp and paper facilities."

OPERATIONAL RESULTS

West Fraser's sawmills generated record lumber production of 702 MMfbm for the first quarter compared to 649 MMfbm in the first quarter of 2003.

EBITDA in the lumber segment for the quarter, after accounting for duties, was \$69 million or 21% of sales compared to \$25 million or 9% of sales in the first quarter of 2003. Duties charged on account of lumber exports to the United States were \$31 million (2003 - \$23 million) in the quarter. Lumber prices increased significantly during the quarter buoyed by continued strong housing starts in the United States and Canada. Benchmark SPF 2x4 lumber prices averaged US \$367 per Mfbm in the current quarter compared to the previous quarter's average of US \$299 per

Mfbm and the first quarter 2003 average of US \$245 per Mfbm. Southern yellow pine 2x4 prices averaged US \$356 per Mfbm in the first quarter of 2004 down from US \$403 per Mfbm last quarter but up from US \$292 per Mfbm for the same period of 2003. The full impact of the high lumber prices is not reflected in earnings as shipments fell short of production by 91MMfbm due to rail car and truck shortages. The shortages were partially weather related and partially due to increased demand for various commodities. West Fraser continues to work with its suppliers and customers to improve transportation logistics and develop delivery alternatives.

The Huttig, Arkansas sawmill rebuild is nearing completion and the first lumber was produced in early April. Start-up of this facility is progressing well.

The panel operations generated EBITDA of \$14 million or 20% of sales in the quarter compared to \$9 million or 15% of sales in the comparable quarter of 2003. Plywood prices remain strong with the average benchmark price at \$524 per Msf compared to \$398 per Msf in the first quarter of 2003. Demand for MDF increased significantly during the quarter although prices have increased only slightly from cyclical lows.

West Fraser's pulp and paper operations generated EBITDA of \$9 million or 6% of sales for the quarter compared to \$10 million or 6% of sales in the same quarter of last year. The two pulp mills ran well during the quarter and pulp prices continued to show signs of strengthening. Our Kitimat linerboard and kraft paper mill lost approximately ten days of production in early January as a result of mechanical difficulties. Production in February and March, however, was much improved. Linerboard and kraft paper prices remain at cyclical lows. These low prices, the strong Canadian dollar and higher maintenance costs combined for a very difficult quarter.

LUMBER TRADE DISPUTE

Recent NAFTA panel decisions have been positive for West Fraser and other Canadian companies. On April 21 the United States Department of Commerce (USDOC) issued a remand response to an earlier NAFTA ruling regarding company specific challenges made to the antidumping calculation. In accordance with the remand determination, the USDOC concluded that West Fraser's dumping rate would be reduced from 2.18%, as initially calculated, to 1.79%. This is below the de minimus level with the result that West Fraser would be exempted from the antidumping order. If that determination is affirmed by the NAFTA panel and not overturned by an extraordinary challenge, West Fraser would not be required to post further deposits related to the antidumping portion of the trade dispute, and would be eligible for refund of antidumping deposits of U.S. \$14 million paid to March 31, 2004.

Hank Ketcham added, "The positive antidumping developments can be attributed to our low cost of production. We expect NAFTA will confirm this determination."

Another NAFTA panel is scheduled to rule on the question of injury on April 30. If the ruling affirms an earlier WTO decision that Canadian lumber imports have not threatened injury to U.S. producers, it would represent a significant victory for Canadian interests. Assuming a no injury ruling would survive an extraordinary challenge, the U.S. cases would end and all of West Fraser's duty deposits, totaling U.S. \$148 million at March 31, 2004, would be eligible for refund.

CONFERENCE CALL

Investors are invited to listen to the quarterly conference call to be held April 28th at 7:00 am Pacific Time by dialing in at 1-800-387-6216. The call may also be accessed through West Fraser's website at www.westfraser.com.

West Fraser is an integrated forest products company with manufacturing operations in British Columbia, Alberta and the southern United States producing lumber, wood chips, MDF, plywood, pulp, linerboard, kraft paper and newsprint.

FORWARD LOOKING STATEMENTS

Some information contained in this release is prospective and may be affected by known or unknown risks and uncertainties, which are mostly outside the control of West Fraser. The results or events mentioned in such prospective information may differ substantially from actual results or events.

¹ Non GAAP measure - EBITDA is defined as operating earnings plus amortization of property, plant and equipment.



CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(in millions of Canadian dollars - unaudited)

January 1 to March 31
2004 2003

EARNINGS

Sales (note 1)	\$ 541.1	\$ 486.8
Costs and expenses		
Cost of products sold	321.4	326.8
Freight and other distribution costs	82.6	78.1
Countervailing and antidumping duties	31.3	23.3
Amortization of property, plant and equipment	36.4	38.9
Selling, general and administrative	17.6	17.5
Share option expense (note 3)	9.9	-
	499.2	484.6
Operating earnings	41.9	2.2
Other		
Interest expense - net	(4.3)	(4.8)
Exchange gain (loss) on long-term debt	(2.0)	16.2
Other income (expense)	0.5	(5.2)
	36.1	8.4
Earnings before income taxes	36.1	8.4
Income tax recovery (expense)	(9.6)	2.5
	26.5	10.9
Earnings	\$ 26.5	\$ 10.9
Earnings per share (note 4)		
Basic	\$ 0.72	\$ 0.29
Diluted	\$ 0.71	\$ 0.29

RETAINED EARNINGS

Balance - beginning of period as previously reported	\$ 986.7	\$ 964.2
Cumulative effect of change in accounting policy (note 2)	7.1	7.1
Balance - beginning of period as restated	993.8	971.3
Earnings	26.5	10.9
	1,020.3	982.2
Common share dividends	(5.2)	(5.2)
Balance - end of period	\$ 1,015.1	\$ 977.0



CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars - unaudited)

	January 1 to March 31	
	2004	2003
Cash Flows From Operating Activities		
Earnings	\$ 26.5	\$ 10.9
Items not affecting cash		
Amortization of property, plant and equipment	36.4	38.9
Exchange (gain) loss on long-term debt	2.0	(16.2)
Future income taxes	(6.4)	(4.9)
Change in other long-term liabilities	(1.0)	(0.4)
Change in reforestation obligation	9.6	13.7
(Gain) loss on asset sales	0.4	(0.2)
Other	0.5	0.6
	<u>68.0</u>	<u>42.4</u>
Net change in non-cash working capital items	<u>(75.8)</u>	<u>(95.0)</u>
	<u>(7.8)</u>	<u>(52.6)</u>
Cash Flows From Financing Activities		
Dividends	(5.2)	(5.2)
Other	0.5	0.5
	<u>(4.7)</u>	<u>(4.7)</u>
Cash Flows From Investing Activities		
Property, plant and equipment additions	(22.6)	(17.7)
Proceeds from disposal of property, plant & equipment	0.1	4.6
Change in other assets	(9.3)	(4.3)
	<u>(31.8)</u>	<u>(17.4)</u>
Change in cash	(44.3)	(74.7)
Net cash - beginning of period	<u>265.9</u>	<u>192.9</u>
Net cash - end of period	<u>\$ 221.6</u>	<u>\$ 118.2</u>
Interest paid	<u>\$ 6.3</u>	<u>\$ 7.0</u>
Income taxes paid	<u>\$ 8.9</u>	<u>\$ 29.3</u>



CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars - unaudited)

	As at March 31, 2004	As at December 31, 2003
ASSETS		
Current assets		
Cash and short-term investments	\$ 221.6	\$ 265.9
Accounts receivable	181.1	158.0
Inventories	398.3	322.3
Prepaid expenses	12.9	9.2
	<u>813.9</u>	<u>755.4</u>
Other assets		
Property, plant and equipment	73.2	64.3
Deferred charges	1,234.7	1,245.7
	21.3	21.3
	<u>\$ 2,143.1</u>	<u>\$ 2,086.7</u>
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 212.7	\$ 186.2
Current portion of reforestation obligation	31.0	30.8
Current portion of long-term debt	13.1	13.0
	<u>256.8</u>	<u>230.0</u>
Long-term debt	288.8	287.0
Reforestation obligation	60.1	50.7
Other liabilities	11.1	8.1
Future income taxes	183.3	189.7
	<u>800.1</u>	<u>765.5</u>
Shareholders' equity (note 3)	1,343.0	1,321.2
	<u>\$ 2,143.1</u>	<u>\$ 2,086.7</u>

Number of Common shares outstanding at March 31, 2004 was 36,867,860



FIRST QUARTER SEGMENTED INFORMATION

(in millions of Canadian dollars - unaudited)

	Lumber	Panels	Pulp & paper	Corporate & other	Consolidated
January 1, 2004 to March 31, 2004					
Sales					
To external customers	\$ 317.2	\$ 68.4	\$ 155.5		\$ 541.1
To other segments	12.0				
	<u>\$ 329.2</u>	<u>\$ 68.4</u>	<u>\$ 155.5</u>	<u>-</u>	
EBITDA*	\$ 68.8	\$ 14.0	\$ 8.7	\$ (13.2)	\$ 78.3
Amortization of property, plant and equipment	14.7	6.4	14.8	0.5	36.4
Operating earnings (loss)	54.1	7.6	(6.1)	(13.7)	41.9
Interest expense	(2.3)	(0.3)	(1.3)	(0.4)	(4.3)
Exchange loss on long-term debt	-	-	-	(2.0)	(2.0)
Other income (expense)	(0.5)	-	(0.4)	1.4	0.5
Earnings (loss) before income taxes	<u>\$ 51.3</u>	<u>\$ 7.3</u>	<u>\$ (7.8)</u>	<u>\$ (14.7)</u>	<u>\$ 36.1</u>
January 1, 2003 to March 31, 2003					
Sales					
To external customers	\$ 265.4	\$ 58.7	\$ 162.7		\$ 486.8
To other segments	7.0				
	<u>\$ 272.4</u>	<u>\$ 58.7</u>	<u>\$ 162.7</u>	<u>-</u>	
EBITDA*	\$ 24.7	\$ 8.9	\$ 9.7	\$ (2.2)	\$ 41.1
Amortization of property, plant and equipment	18.2	6.4	13.7	0.6	38.9
Operating earnings (loss)	6.5	2.5	(4.0)	(2.8)	2.2
Interest income (expense)	(5.3)	(1.3)	(4.5)	6.3	(4.8)
Exchange gain on long-term debt	-	-	-	16.2	16.2
Other income (expense)	2.5	-	-	(7.7)	(5.2)
Earnings (loss) before income taxes	<u>\$ 3.7</u>	<u>\$ 1.2</u>	<u>\$ (8.5)</u>	<u>\$ 12.0</u>	<u>\$ 8.4</u>

* **Non GAAP measure:**

EBITDA is defined as operating earnings plus amortization of property, plant and equipment.

QUARTERLY COMPARISONS

January 1 to December 31

(in millions of Canadian dollars - unaudited)

	2004		2003	
Sales				
First	\$	541.1	\$	486.8
Second				484.5
Third				483.9
Fourth				487.9
			\$	1,943.1
Earnings				
First	\$	26.5	\$	10.9
Second				(5.2)
Third				3.1
Fourth				34.3
			\$	43.1
Diluted Earnings Per Share (in dollars)				
First	\$	0.71	\$	0.29
Second			\$	(0.14)
Third			\$	0.09
Fourth			\$	0.92
Annual			\$	1.16



FIRST QUARTER OPERATING HIGHLIGHTS

		January 1 to March 31	
		2004	2003
Lumber	Production (Mfbm)	702,237	649,481
	Shipments (Mfbm)	611,598	571,719
Panels			
MDF	Production (Msf - 3/4")	68,461	65,199
	Shipments (Msf - 3/4")	75,608	69,183
Plywood	Production (Msf - 3/8")	60,548	58,243
	Shipments (Msf - 3/8")	63,131	49,677
Pulp & Paper (tonnes)			
Linerboard and Kraft paper	Production	105,294	99,572
	Shipments	105,938	108,613
Pulp	Production	130,740	129,911
	Shipments	128,909	124,488
Newsprint	Production	34,068	28,495
	Shipments	33,369	27,935

NOTES TO INTERIM FINANCIAL STATEMENTS

(figures are in millions of dollars except where indicated)

1. BASIS OF PRESENTATION

These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the company's annual report for the year ended December 31, 2003.

The company has presented freight and other distribution costs and countervailing and antidumping duties as part of costs and expenses in the statement of earnings and reclassified the prior period's presentation accordingly. Previously these expenses were presented as a reduction of gross sales to determine net sales in accordance with industry practice.

These interim consolidated financial statements follow the same accounting policies and methods of their application as the December 31 consolidated annual financial statements except as disclosed in note 2.

2. CHANGE IN ACCOUNTING POLICY

Asset Retirement Obligations

Effective January 1, 2004, the company adopted new accounting requirements for asset retirement obligations, as recommended by the Canadian Institute of Chartered Accountants. Under the new requirements the company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and amortized over the expected useful life of the asset. This statement changed the company's accounting for landfill closure costs and reforestation liabilities.

Accordingly, the company retroactively adjusted the carrying value of liabilities, previously reported on a non-discounted basis, for reforestation and certain landfill closure costs and recorded liabilities and the associated asset for landfill closure costs not previously accrued. The net increase to property, plant and equipment at January 1, 2004 was \$0.9, the net decrease to liabilities was \$11.3, the decrease to inventory was \$1.9 and the impact on January 1, 2003 opening retained earnings (net of tax of \$3.2) was \$7.1. The cumulative effect of adopting these accounting requirements was not material to the Company's results of operations and the impact was included in costs and expenses in the first quarter of 2004.

3. SHAREHOLDERS' EQUITY

	March 31, 2004		December 31, 2003	
	Number of Shares Issued	Amount	Number of Shares Issued	Amount
Common	31,482,654	\$ 328.2	31,471,508	\$ 327.8
Class B common	5,385,206	0.5	5,385,206	0.5
Total Common	36,867,860	328.7	36,856,714	328.3
Retained Earnings		1,015.1		986.7
Change in Accounting for Asset Retirement Obligations		-		7.1
Share Purchase Loans		(0.8)		(0.9)
Shareholders' Equity		\$ 1,343.0		\$ 1,321.2

(figures are in millions of dollars except where indicated)

During the three months ended March 31, 2004 the company issued 11,146 common shares for cash of \$0.4.

Share Option Plan

The company has a fixed share option plan for its directors, officers and employees, under which it may grant up to 3,505,506 share options. The exercise price of a share option is equal to the closing price of the company's common shares on the day preceding the grant date. The options vest at 20% per year from the grant date and expire after 10 years.

Effective July 2003, the share option plan was amended to give share option holders the right to elect to receive a cash payment in lieu of receiving common shares. The cash payment is equal to the difference between the exercise price of the share option and the market price of the company's common shares on the date of exercise.

For the three months ended March 31, 2004, the company recorded a share option expense of \$9.9 related to the options outstanding.

4. EARNINGS PER SHARE

Basic earnings per share are calculated based on earnings available to common shareholders, as set out below, using the weighted average number of common shares outstanding. Diluted earnings per share assume the exercise of options using the treasury stock method.

Earnings per share figures reflect the 10% stock dividend issued in March 2003 as if the shares had been outstanding from the beginning of the periods presented.

	January 1 to March 31	
	2004	2003
Earnings available to shareholders	\$ 26.5	\$ 10.9
Weighted average shares (thousands)		
Weighted average shares – basic	36,827	36,844
Share options – treasury stock method	450	420
Weighted average shares - diluted	37,277	37,264
Earnings per share (dollars)		
Basic earnings per share	\$ 0.72	\$ 0.29
Diluted earnings per share	\$ 0.71	\$ 0.29

5. THE FORESTRY REVITALIZATION PLAN

In March 2003, the Government of B.C. ("Crown") enacted the Forestry Revitalization Plan (the Plan) that provides for significant changes to Crown forest policy and to the existing allocation of Crown timber tenures to licensees. The changes prescribed in the Plan include: the elimination of minimum cut control regulations, the elimination of existing timber processing regulations, and the elimination of restrictions limiting the transfer and subdivision of existing licenses. As well, through legislation, licensees, including the company, will be required to return 20% of their replaceable tenure to the Crown. The Crown has acknowledged that licensees will be fairly compensated for the return of tenures and related costs such as roads and bridges

(figures are in millions of dollars except where indicated)

The effect of the timber take-back is a reduction of approximately 832,000 m³ of the company's existing allowable annual cut on replaceable tenures. The effect of the Plan on the company's financial position and results of operations cannot be determined at this time. The company will record the effects of the Plan when the amounts can be estimated.

6. COUNTERVAILING AND ANTIDUMPING DUTIES

On April 25, 2002, the U.S. Department of Commerce (USDOC) issued its final determination in the countervailing and antidumping investigations, which resulted in a countervailing duty rate of 18.79% and an antidumping rate specific to the company of 2.18%, both to be posted by cash deposits.

On May 16, 2002, the United States International Trade Commission (USITC) published its final determination on injury stating that Canadian softwood lumber threatens material injury to the U.S. industry. As a result, cash deposits have been required for shipments at the rates determined by the USDOC effective from May 22, 2002.

The company has incurred countervailing and antidumping duties, accounted for as a reduction of sales, as follows:

	January 1 to March 31	
	2004	2003
Countervailing and antidumping duties	\$ 31.3	\$ 23.3

The company and other Canadian forest product companies, the Federal Government and Canadian provincial governments (Canadian Interests) categorically deny the U.S. allegations and strongly disagree with the final countervailing and dumping determinations made by the USITC and USDOC. Canadian Interests continue to aggressively defend the Canadian industry in this trade dispute. Canadian Interests have appealed these decisions to NAFTA panels and the WTO. The final amount of countervailing and antidumping duties that may be assessed on Canadian softwood lumber exports to the U.S. cannot be determined at this time and will depend on the results of these appeals. Notwithstanding the cash deposit rates established in the investigations, the final liability for the assessment of countervailing and antidumping duties will not be determined until each annual administrative review process is complete.

An administrative review is currently underway and is expected to be completed by November 2004 and may extend beyond that date if appealed.

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West Fraser shares trade on the Toronto Stock Exchange under the symbol: WFT

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