International Forest Products Limited

Second Quarter Report

For the six months ended June 30, 2003

Report to Shareholders and Management Discussion and Analysis:

OPERATING RESULTS

Interfor recorded a loss of $12.1 million or $0.34 per share in the 2nd Quarter of 2003, (including a one-time provision of $1.1 million to account for the cost of staff reductions) compared to a profit of $16.2 million in the same quarter last year. The figures for 2002 include a recovery of $9.8 million on the reversal of countervailing and anti-dumping duties booked in 2001 and in the 1st quarter of 2002 which were ultimately not required under the terms of a ruling by the U.S. International Trade Commission. For the six months ended June 30, 2003 Interfor's loss amounted to $14.9 million or $0.42 per share, compared to a profit of $19.4 million in the same period last year.

Market conditions deteriorated significantly in the 2nd quarter. The combination of U.S. duties, rising Canadian dollar and difficult conditions in Japan had a material impact on sales activity and revenue in the quarter. Compared to the 2nd Quarter of 2002, Japan lumber shipments were down 22% by volume with Canadian dollar unit sales realizations down 7%. Although U.S. lumber volumes were similar to Quarter 2, 2002, the amount of duty was significantly higher as discussed below. Unit sales realizations on U.S. shipments (before deducting duties) were down 14% from the 2nd Quarter of 2002.

In response, the Company reduced operating rates to bring production into line with market demand and to maximize cash results.

Lumber shipments totalled 167 million board feet against production of 151 million board feet in the 2nd quarter. Sales values, net of duty, were $90 per thousand board feet, or 12%, below the levels achieved in the 2nd quarter of 2002. Stumpage charges, on the other hand, were more than 5% higher compared to the same period last year. Log production totalled 479,000 m3 in the 2nd quarter compared to 981,000 m3 last year.

Overall, sales revenue was $157.6 million in the quarter compared to $194.4 million in the same quarter last year. EBITDA (see note 8 to the Consolidated Financial Statements) was ($8.2) million compared to $40.9 million last year (including $15.8 million in duty recovery).

During the 2nd quarter, Interfor paid a total of $9.1 million in duties on shipments of 52 million board feet to the U.S., bringing the total to $17.8 million on shipments of 98 million board feet in the first half of 2003. Duties paid in the first half of 2002 amounted to $3.7 million on shipments which entered the U.S. after May 22, 2002.

CASH FLOW AND BALANCE SHEET

During the quarter, Interfor generated $8.8 million in cash from operations after changes in working capital. Capital spending in the 2nd quarter was $9.6 million, including $4.5 million in roads, $0.8 million in maintenance capital, $3.7 million in high return discretionary projects and $0.6 million in land development costs.

The majority of the discretionary capital spent in the 2nd quarter relates to the new planer/sorter complex at Adams Lake, which was approved in March at a budgeted cost of $6.85 million. The project is on time and on budget. The sorter will be operational in July; the planer is scheduled to be installed in November. When completed, the project is expected to reduce cash operating costs at Adams Lake by more than 10% and to generate a payback of less than 2 years.

Net debt declined by $1.5 million in the quarter to $88.1 million and remains at 24% of invested capital. During the 2nd Quarter the Company increased its operating bank facility from $60 million to $100 million, increased its term bank facility from $40 million to $50 million and repaid the remaining $50 million drawn on the term bank facility which was used to acquire Primex Forest Products Ltd. in 2001 (see note 4 to the Consolidated Financial Statements). Interfor continues to have one of the best balance sheets in the industry and has unused lines of credit of more than $50 million.

SUMAS PROJECT UPDATE

Interfor's new value-added plant at Sumas continues to progress well and is expected to reach design speed during the 3rd quarter. Production quality is good. The project is on track to meet or exceed the benefits envisaged when the project was approved.

SHARE BUY-BACK PROGRAM

In the 2nd quarter Interfor did not purchase any shares under the terms of its share buy-back program. The Company believes its shares continue to represent attractive long-term value, but it was more prudent to preserve cash during this uncertain time. Interfor will reassess its strategy going forward on the basis of cash availability and near term prospects. To date, the Company has re-purchased 482,500 shares under the program which expires on November 14, 2003.

OUTLOOK

Prospects for the balance of 2003 centre around the U.S. softwood dispute, conditions in Japan and the direction of the Canadian dollar.

The U.S. published its long-awaited Policy Bulletin in draft form on June 24. The Policy Bulletin is viewed as an important step in achieving a durable solution to the softwood dispute. When finalized, the Policy Bulletin will lay out the criteria against which Canadian provinces will be able to apply for revocation of the countervail duty order following the introduction of market-based policy reforms or other measures designed to increase the transparency of timber pricing on Crown land. Negotiations with respect to a possible interim agreement are ongoing.

In the meantime, Coastal producers continue to be impacted disproportionately by the dispute. Product values from the Coastal region are double those from other regions of the country, reflecting the predominance of high value cedar and clear whitewood grades in the Coastal product mix. Along with other Coastal producers, Interfor has voiced its concerns with the federal and provincial governments and look to them to take action to help offset the disproportionate impact of U.S. duties on the Company's operations and, indirectly, on employees and communities throughout the region.

In Japan, prospects are improving slowly. The oversupply situation evident during the 1st and 2nd quarters is showing signs of improvement and shipment levels and prices are beginning to stabilize. That said, concerns remain with respect to the fragile nature of the Japanese economy and the competitive position of North American products in the Japanese market.

The Canadian dollar, which at one point had increased against the U.S. dollar by more than 17% from its level at December 31st, has shown signs of weakness in recent weeks. Currently, the Canadian dollar is still 11% above its level at year-end. The short-term outlook for the Canadian dollar is uncertain due to changing monetary policy and other world events.

Interfor is not looking for any significant improvement in the external market environment or in the value of the dollar in the short-term. In all likelihood, the Company's financial results will remain under pressure for the balance of the year. As a result Interfor is continuing to actively pursue opportunities to streamline operations and reduce costs. Since the beginning of the year, the Company's staff complement has been reduced by more than 8%, and opportunities to restructure the Company's operating configuration are under review. The reduction in staffing levels is expected to reduce operating costs by more than $3 million per year.

Interfor has also made its views known to the B.C. Government with respect to the need to proceed with stumpage reform on the Coast. The current system bears no relationship to market reality, and is one of the major contributors to the region's poor economic environment.

Interfor is also looking to accelerate the sale of surplus properties. In this regard, the Company received a Certificate of Compliance from the B.C. Ministry of Water, Air and Land Protection in June with respect to part of its property development in Pitt Meadows. This will enable the Company to proceed with the sale of the first two parcels of this property. Proceeds from the initial transaction are expected to exceed $6.5 million. The balance of the Pitt Meadows property is expected to be sold in 2004. At the same time, Interfor is working to prepare other major properties in Ft. Langley and Coquitlam for disposal, and is proceeding with the sale of a number of other smaller properties.

NEGOTIATION WITH IWA SET TO BEGIN

The contract between Coastal employers, represented by Forest Industrial Relations (FIR) and the Industrial, Wood and Allied Workers (IWA) expired in mid-June. The IWA has proposed a multi-year agreement involving increases in wages and benefits and other improvements. FIR has proposed a one-year extension to the current agreement in order to provide time for the two parties to constructively address the issues affecting the industry's long-term viability. Negotiations are scheduled to commence in the next few weeks. It is too early to predict whether the negotiations will lead to settlement, or whether a work stoppage will occur.

FORWARD LOOKING STATEMENTS

This report contains statements that are forward-looking in nature. Such statements involve known and unknown risks and uncertainties that may cause the actual results of the Company to be materially different from those expressed or implied by those forward-looking statements. Such risks and uncertainties include, among others: general economic and business conditions, product selling prices, raw material and operating costs, changes in foreign-currency exchange rates and other factors referenced herein and in the Company's annual statutory information.

William L. Sauder
Chairman

Duncan K. Davies
President and Chief Executive Officer

INTERFOR

CONSOLIDATED STATEMENTS OF OPERATIONS

For the six months ended June 30, 2003 and 2002 (unaudited)

(thousands of dollars except earnings per share)	**3 Months June 30, 2003**	**3 Months June 30, 2002**	**6 Months June 30, 2003**	**6 Months June 30, 2002**
		(restated – note 1(a))		(restated – note 1(a))
Sales	**$ 157,553**	**$ 194,363**	**$ 333,811**	**$ 371,753**
Costs and expenses:				
Production (note 1(b))	**164,403**	**159,524**	**336,000**	**319,819**
Selling and administration	**4,016**	**4,805**	**8,940**	**9,238**
Amortization of plant and equipment	**4,616**	**4,944**	**10,091**	**10,110**
Depletion and amortization of timber, roads and other	**3,702**	**9,315**	**7,686**	**11,778**
Recovery of duties accrued in prior year	**-**	**(10,333)**	**-**	**(10,333)**
Restructuring costs (note 5)	**1,700**	**-**	**1,700**	**-**
	178,437	**168,255**	**364,417**	**340,612**
Operating earnings (loss)	**(20,884)**	**26,108**	**(30,606)**	**31,141**
Interest expense on long-term debt	**(583)**	**(800)**	**(1,198)**	**(1,749)**
Other interest (expense) income	**(673)**	**133**	**(1,077)**	**8**
Other income	**929**	**82**	**3,426**	**108**
B.C. Corporation capital tax	**-**	**(140)**	**-**	**(264)**
Equity in earnings of investee companies	**1,712**	**650**	**3,886**	**1,644**
	1,385	**(75)**	**5,037**	**(253)**
Earnings (loss) before income taxes	**(19,499)**	**26,033**	**(25,569)**	**30,888**
Income taxes (recovery):				
Current	**600**	**431**	**900**	**627**
Future	**(8,020)**	**9,372**	**(11,600)**	**10,906**
	(7,420)	**9,803**	**(10,700)**	**11,533**
Net earnings (loss)	**$ (12,079)**	**$ 16,230**	**$ (14,869)**	**$ 19,355**
Net earnings (loss) per share, basic and diluted (note 6)	**$ (0.34)**	**$ 0.45**	**$ (0.42)**	**$ 0.54**
EBITDA (note 8)	**$ (8,225)**	**$ 40,959**	**$ (3,817)**	**$ 54,517**

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the six months ended June 30, 2003 and 2002 (unaudited)

(thousands of dollars)	**6 Months June 30, 2003**	**6 Months June 30, 2002**
		(restated – note 1(a))
Retained earnings, beginning of year as restated	**$ 63,101**	**$ 23,119**
Net earnings (loss)	**(14,869)**	**19,355**
Retained earnings, end of period	**$ 48,232**	**$ 42,474**

See accompanying notes to consolidated financial statements

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CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2003 and 2002 (unaudited)

(thousands of dollars)	3 Months June 30, 2003	3 Months June 30, 2002	6 Months June 30, 2003	6 Months June 30, 2002
Cash provided by (used in):		(restated – note 1(a))		(restated – note 1(a))
Operating activities:				
Net earnings (loss)	$ (12,079)	$ 16,230	$ (14,869)	$ 19,355
Items not involving cash:				
Amortization of plant and equipment	4,616	4,944	10,091	10,110
Depletion and amortization of timber, roads and other	3,702	9,315	7,686	11,778
Future income taxes	(8,020)	9,372	(11,600)	10,906
Reforestation liability	125	34	953	827
Other long-term liabilities	2,216	(714)	2,656	(759)
Equity in earnings of investee companies	(1,712)	(650)	(3,886)	(1,644)
Writedown of property, plant and equipment	-	(1,668)	-	(1,668)
Other	(929)	(77)	(2,005)	(108)
	(12,081)	36,786	(10,974)	48,797
Cash generated from (used in) operating working capital:				
Accounts receivable	2,101	(4,541)	(3,642)	(11,975)
Inventories	41,986	(19,995)	42,417	14,773
Prepaid expenses	(1,342)	650	(81)	(1,301)
Accounts payable and accrued liabilities	(22,279)	6,180	(47,359)	17,595
Income taxes	381	(21)	597	4,125
	8,766	19,059	(19,042)	72,014
Investing activities:				
Additions to property, plant and equipment	(5,056)	(5,482)	(13,118)	(8,054)
Additions to logging roads and timber	(4,508)	(5,669)	(9,096)	(8,134)
Proceeds on disposal of property, plant and equipment	2,372	1,770	3,012	1,799
Investments and other assets	(47)	(354)	448	(153)
	(7,239)	(9,735)	(18,754)	(14,542)
Financing activities:				
Repurchase of capital stock	-	-	(923)	-
Issuance of capital stock	-	47	342	47
Increase (decrease) in bank indebtedness	(1,527)	-	38,135	(1,588)
Reductions in long-term debt	-	(40,000)	-	(40,000)
	(1,527)	(39,953)	37,554	(41,541)
Increase (decrease) in cash	-	(30,629)	(242)	15,931
Cash on deposit, beginning of period	-	46,560	242	-
Cash on deposit, end of period	$ -	$ 15,931	$ -	$ 15,931

See accompanying notes to consolidated financial statements

CONSOLIDATED BALANCE SHEETS

June 30, 2003 and 2002 (unaudited)

(thousands of dollars)	June 30, 2003	Dec. 31, 2002	June 30, 2002
			(restated – note 1(a))
Assets			
Current assets:			
Cash on deposit	$ -	$ 242	$ 15,931
Accounts receivable	43,801	40,257	36,363
Income taxes receivable	-	-	339
Inventories	99,846	142,263	106,945
Prepaid expenses	6,379	6,298	6,895
Future income taxes	6,309	12,166	11,030
	156,335	201,226	177,503
Investments and other assets:			
Investments and advances	37,475	33,796	34,970
Deferred financing fee, net of accumulated amortization	133	-	133
	37,608	33,796	35,103
Property, plant and equipment:	431,187	426,073	415,736
Less accumulated amortization	233,492	229,918	216,535
	197,695	196,155	199,201
Timber and logging roads, net of accumulated depletion and amortization	87,885	86,449	93,226
Goodwill, net of accumulated amortization	19,647	19,647	19,647
	$ 499,170	$ 537,273	$ 524,680
Liabilities and Shareholders' Equity			
Current liabilities:			
Bank indebtedness (note 4(a))	$ 38,135	$ -	$ -
Accounts payable and accrued liabilities	78,865	126,226	131,371
Income taxes payable	787	190	-
	117,787	126,416	131,371
Reforestation liability, net of current portion	22,716	21,763	21,294
Long-term debt (note 4(b))	50,000	50,000	60,000
Other long-term liabilities	12,062	9,406	12,195
Future income taxes	18,134	35,767	24,599
Shareholders' equity:			
Share capital			
Class A subordinate voting shares	217,958	218,455	220,624
Class B common shares	4,080	4,080	4,080
Contributed surplus	8,201	8,285	8,043
Retained earnings	48,232	63,101	42,474
	278,471	293,921	275,221
	$ 499,170	$ 537,273	$ 524,680

See accompanying notes to consolidated financial statements

On behalf of the Board:

W. L. Sauder
Director

J. A. Milroy
Director

1. Significant accounting policies:

These unaudited interim consolidated financial statements include the accounts of International Forest Products Limited and its subsidiaries (collectively referred to as "Interfor" or the "Company"). These interim consolidated financial statements do not include all disclosures required by Canadian generally accepted accounting principles for annual financial statements, and accordingly, these interim consolidated financial statements should be read in conjunction with Interfor's most recent annual consolidated financial statements. These interim consolidated financial statements follow the same accounting policies and methods of application used in the Company's audited annual consolidated financial statements as at and for the year ended December 31, 2002.

(a) Accounting policy changes:

As described in the Company's audited annual consolidated financial statements as at and for the year ended December 31, 2002, the Company changed its accounting policy for the valuation of log inventories. In accordance with Canadian generally accepted accounting principles, this change in policy has been applied retroactively and prior years' results have been restated to reflect the new policy.

In the first quarter of 2003, the Company changed its accounting policy for expensing fixed woodlands production costs in its interim quarterly financial statements from a units of production basis to an incurred cost basis. This change does not impact the Company's annual consolidated financial statements. Prior period quarterly results have been restated to reflect the new accounting policy.

(b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. During the first quarter of 2003, the Company settled various forestry liabilities relating to prior period activities and realized after tax recoveries on these settlements totalling $2.6 million.

2. Comparative figures:

Certain of the prior year's figures have been reclassified to conform to the presentation adopted in the current year.

3. Seasonality of operating results:

The Company operates in the solid wood business which includes logging and sawmill operations. Logging operations are seasonal due to a number of factors including weather, ground and fire season conditions. Generally, the Company operates its logging divisions in the latter half of the first quarter, throughout the second and third quarters and in the first half of the fourth quarter. Sawmill operations are less seasonal than logging operations but do depend on the availability of logs from the logging operations. In addition, the market demand for lumber and related products is generally lower in the first quarter due to reduced construction activity which increase during the spring, summer and fall.

4. Bank indebtedness and long-term debt:

(a) Bank indebtedness:

The Company increased its operating line of credit from $60,000,000 to $100,000,000 on April 28, 2003, of which $57,627,000 (2002 - $57,343,000) was unused at June 30, 2003. The utilization includes the total of outstanding letters of credit. The loan bears interest at rates based on bank prime plus a premium depending upon a financial ratio or, at the Company's option, at rates for Bankers' Acceptances. The line of credit is secured and is subject to certain financial covenants including a minimum working capital requirement and a maximum ratio of total debt to total capitalization. The line matures on April 27, 2004.

(b) Long-term debt:

The Company has available a revolving term line of credit (the "Revolving Line") which it increased on April 28, 2003 from $40,000,000 to $50,000,000. This line was fully drawn at June 30, 2003 (2002 – $nil). The Revolving Line bears interest at rates based on bank prime plus a premium, depending upon a financial ratio or, at the Company's option, at rates for Bankers' Acceptances. The line matures on April 28, 2005.

In 2001, the Company established a term line of credit (the "Acquisition Line") totalling $100,000,000, which was used to facilitate the acquisition of Primex Forest Products Ltd. During the three months ended June 30, 2003, the Company repaid $50,000,000 (2002 - $40,000,000) with the Acquisition Line permanently reduced by the repayment. As at June 30, 2003, the Acquisition Line had been fully repaid (2002 - $60,000,000) and the credit facility was cancelled.

5. Restructuring costs

In light of poor lumber markets, the 20% reduction of the Company's timber tenures discussed below (Note 9(b)), the rapid strengthening of the Canadian dollar against the U.S. dollar and the continuing U.S. softwood lumber dispute, the Company reduced staff levels and recorded severance costs of $1,700,000 pre tax ($1,100,000 after tax) during the quarter.

6. Net earnings (loss) per share

	3 months June 30, 2003	3 months June 30, 2002	6 months June 30, 2003	6 months June 30, 2002
Net earnings (loss) reported (thousands)	$(12,079)	$ 16,230	$(14,869)	$ 19,355
Weighted average common shares outstanding (thousands)	35,482	35,874	35,507	35,870
Earnings (loss) per share, basic and diluted	$ (0.34)	$ 0.45	$ (0.42)	$ 0.54

7. Segmented information:

The Company manages its business as a single operating segment, solid wood. The Company harvests logs which are sorted by species, size and quality and then manufactured into lumber products at the Company's sawmills, or sold. Substantially all of the Company's operations are located in British Columbia, Canada.

The Company sells to both foreign and domestic markets as follows:

	3 months June 30, 2003	3 months June 30, 2002	6 months June 30, 2003	6 months June 30, 2002
	(thousands of dollars)			
Canada	$ 62,856	$ 75,004	$132,486	$144,760
United States	38,553	57,929	73,801	104,027
Japan	31,232	43,094	81,284	88,771
Other export	24,912	18,336	46,240	34,195
	$157,553	$194,363	$333,811	$371,753

Sales by product line are as follows:

	3 months June 30, 2003	3 months June 30, 2002	6 months June 30, 2003	6 months June 30, 2002
	(thousands of dollars)			
Lumber	$115,426	$148,039	$250,970	$291,890
Logs	24,799	35,132	53,152	59,622
Wood chips and other by products	7,241	7,106	15,621	14,479
Other	10,087	4,086	14,068	5,762
	$157,553	$194,363	$333,811	$371,753

8. EBITDA:

EBITDA represents earnings before interest, taxes, depletion and amortization. The Company discloses EBITDA as it is a measure used by analysts to evaluate the Company's performance. As EBITDA is a non-GAAP measure, it may not be comparable to EBITDA calculated by others. In addition, as EBITDA is not a substitute for net earnings, readers should consider net earnings in evaluating the Company's performance.

EBITDA can be calculated from the statement of operations as follows:

	3 months June 30, 2003	3 months June 30, 2002	6 months June 30, 2003	6 months June 30, 2002
	(thousands of dollars)			
Net earnings (loss)	$(12,079)	$ 16,230	$(14,869)	$ 19,355
Add:				
Income taxes (recovery)	(7,420)	9,803	(10,700)	11,533
Interest expense on long-term debt	583	800	1,198	1,749
Other interest expense (income)	673	(133)	1,077	(8)
Amortization of plant and equipment	4,616	4,944	10,091	10,110
Depletion and amortization of timber, roads and other	3,702	9,315	7,686	11,778
Restructuring costs	1,700	-	1,700	-
EBITDA	$ (8,225)	$ 40,959	$ (3,817)	$ 54,517

9. Contingencies

(a) U.S. Softwood Lumber dispute:

The Company has recorded $9,088,000 (2002 - $3,712,000) for the quarter and $17,790,000 (2002 - $3,712,000) for the six months ended June 30, 2003 as a reduction of sales revenue in respect of the countervailing and antidumping duties assessed on Canadian softwood lumber exports to the United States. Cumulative duties for the period from May 22, 2002 to June 30, 2003 total $42,259,000.

The Company and other Canadian forest product companies, the Federal Government and Canadian provincial governments ("Canadian Interests") continue to categorically deny the U.S. allegations that sales of Canadian softwood lumber into the U.S. threatens material injury to the U.S. industry. Canadian interests continue to pursue appeals of the final countervailing and dumping determinations with the appropriate courts, NAFTA panels and the WTO.

(b) B.C. Forest Revitalization Plan:

In March 2003, the Government of B.C ("Crown") introduced 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 Plan states that approximately half of this volume will be redistributed to open up opportunities for woodlots, community forests and First Nations and the other half will be available for public auction. The Crown has acknowledged that licensees will be fairly compensated for the return of tenure and related costs such as roads and bridges.

The effect of the timber take-back is expected to result in a reduction of approximately 580,000 m3 of the Company's existing allowable annual cut on their 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 at the time the amounts to be recorded are estimable.

10. Derivative financial instruments

The Company employs financial instruments, such as interest rate swaps and foreign currency forward and option contracts, to manage exposure to fluctuations in interest rates and foreign exchange rates. The Company does not expect any credit losses in the event of non-performance by counter parties as the counter parties are the Company's bankers.

As at June 30, 2003, the Company has outstanding obligations to sell a maximum of US$33,500,000 at an average rate of CDN$1.60 and Japanese ¥104,000,000 at an average rate of ¥79.43 to the CDN$ during 2003. Based on the exchange rates at June 30, 2003, the Company had unrealized gains of $4,717,000 with respect to these hedging arrangements. In addition, the Company has deferred $1,685,000 of foreign exchange gain resulting from the cancellation of existing contracts during 2003. This gain will be recognized later in 2003.

There were no interest rate swaps outstanding as at June 30, 2003.

QUARTERLY COMPARISONS

	2003	2002	2001	2000	1999
Sales ($ millions)					
1st Quarter	**176.3**	177.4	160.4	188.3	140.4
2nd Quarter	**157.6**	194.4	182.5	206.1	155.3
3rd Quarter		196.7	189.5	174.3	178.0
4th Quarter		215.6	171.7	176.9	187.4
Year		784.1	704.1	745.6	661.1
EBITDA * ($ millions)					
1st Quarter	**4.4**	13.6	8.8	26.5	10.0
2nd Quarter	**(8.2)**	40.9	14.7	37.4	30.3
3rd Quarter		31.2	12.6	23.2	34.8
4th Quarter		35.4	9.3	20.6	25.1
Year		121.1	45.4	107.7	100.2
Net Earnings (Loss) * ($ millions)					
1st Quarter	**(2.8)**	3.1	(19.4)	9.9	(0.3)
2nd Quarter	**(12.1)**	16.2	(0.5)	10.5	(42.5)
3rd Quarter		8.0	(2.0)	5.7	8.1
4th Quarter		12.7	(4.0)	4.6	3.9
Year		40.0	(25.9)	30.7	(30.8)
Net Earnings (Loss) per Share Before Restructuring Costs, Capital Asset Write-Downs and Recoveries * ($)					
1st Quarter	**(0.08)**	0.09	(0.01)	0.24	(0.01)
2nd Quarter	**(0.31)**	0.27	(0.01)	0.30	0.16
3rd Quarter		0.27	(0.06)	0.16	0.23
4th Quarter		0.35	(0.11)	0.14	0.11
Year		0.98	(0.20)	0.84	0.49
Net Earnings (Loss) per Share * ($)					
1st Quarter	**(0.08)**	0.09	(0.60)	0.28	(0.01)
2nd Quarter	**(0.34)**	0.45	(0.01)	0.30	(1.21)
3rd Quarter		0.22	(0.06)	0.17	0.23
4th Quarter		0.35	(0.11)	0.14	0.11
Year		1.12	(0.75)	0.90	(0.87)

* Restated – see note 1(a)

OPERATING STATISTICS

	Log Production	Lumber Sales	Average Selling Price Lumber	Average Selling Price Pulp Chips
	Mm^3	MMBM	$/MBM	$/MBM
1999				
1st Quarter	415	135	756	39
2nd Quarter	1,065	137	778	38
3rd Quarter	1,152	139	791	33
4th Quarter	817	140	780	45
Year	3,449	551	776	39
2000				
1st Quarter	583	160	809	46
2nd Quarter	1,117	170	819	53
3rd Quarter	867	139	759	61
4th Quarter	840	152	788	66
Year	3,407	621	795	56
2001				
1st Quarter	567	152	774	52
2nd Quarter	805	169	718	39
3rd Quarter	832	169	750	37
4th Quarter	556	184	693	37
Year	2,760	674	732	41
2002				
1st Quarter	314	186	759	32
2nd Quarter	981	185	738**	33
3rd Quarter	700	181	702**	34
4th Quarter	916	208	731**	33
Year	2,911	760	733**	33
2003				
1st Quarter	514	184	690**	34
2nd Quarter	479	167	648**	38
3rd Quarter				
4th Quarter				
Year				

** net of countervailing & antidumping duty provision

RATIO AND INVESTMENT INFORMATION

	Three Months Ended June 30, 2003	Six Months Ended June 30, 2003	Year ended December 31, 2002	2001	2000	1999
Current ratio		1.3	1.6	1.5	1.4	1.7
Total debt as a percentage of invested capital		24.0%	14.5%	28.4%	1.4%	26.0%
Pre-tax return on total assets (before restructuring costs, capital asset write-downs and recoveries)	(14.3)%*	(9.6)%*	10.0%	(1.7)%	12.1%	6.4%
Return on average shareholders' equity	(15.9)%*	(10.0)%*	14.5%	(9.9)%	12.0%	(11.7)%
Return on average invested capital	(11.2)%*	(7.3)%*	12.1%	(7.1)%	10.7%	(6.7)%
Equity per share		$7.85	$8.27	$7.13	$8.29	$7.03
Weighted average shares outstanding (millions)	35.5	35.5	35.9	34.6	34.0	35.2

* Annualized (except restructuring costs, write-downs of property, plant & equipment and recoveries)

INTERFOR

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