



PRESS RELEASE

International Forest Products Limited

Vancouver, B.C.

April 27, 2006

Interfor Earns \$8.7 Million in Q1

Stronger prices, improved results from Coastal unit are main contributors

OPERATING RESULTS

International Forest Products Limited (“Interfor” or the “Company”) (TSX: IFP.SV.A) recorded net earnings of \$8.7 million or \$0.18 per share in the 1st Quarter of 2006 compared to a loss of \$4.9 million or \$0.10 per share in the 4th Quarter of 2005, and net earnings of \$10.9 million or \$0.22 per share in the 1st Quarter of 2005.

Included in the Company’s 1st Quarter results were \$3.5 million or \$0.07 per share in one-time items and other income including \$2.4 million (\$1.6 million, after-tax) associated with a reduction in stumpage assessments paid in 2000 and 2001, and \$3.1 million (\$1.9 million, after-tax) relating to the sale of surplus property and equipment and severance recoveries. After allowing for these items, net earnings in the 1st Quarter from continuing operations were \$5.2 million or \$0.11 per share.

Positively impacting the Company’s results in the 1st Quarter was the improvement in market price levels in both the U.S. and Japan and the reduction in duty deposit rates which took effect in December last year. Improved results at the Company’s Queensboro sawmill (which resumed operations in mid-January after being curtailed at the end of November) and reduced losses associated with certain non-core assets also had a positive impact. These factors were offset in part by the increase in the value of the Canadian dollar and by higher log prices in the U.S.

In the 1st Quarter, benchmark SPF 2X4 prices increased on average by more than 5% to US\$344 per thousand board feet, while the Canadian dollar increased by almost 2% to US\$0.865.

Lumber shipments were 328 million board feet in the 1st Quarter compared to 333 million in the 4th Quarter and 256 million in the 1st Quarter of 2005.

Sales revenue was \$214 million compared to \$215 million in the 4th Quarter and \$193 million in the 1st Quarter of 2005.

EBITDA excluding other income (and one-time items) was \$19.7 million in the 1st Quarter compared to \$16.3 million in the 4th Quarter and \$21.2 million in the 1st Quarter of 2005.

Each of the Company’s manufacturing operations showed improved profitability in the 1st Quarter, with the largest improvement recorded by the Coastal unit which benefited from improved results at the Queensboro mill, reduced duty deposit charges and a reduction in the losses incurred in non-core operations. Although improved, the results for the Coastal unit remain below the levels considered acceptable given the amount of capital invested in the region, and considerable attention is being devoted to identifying and making the

changes required to improve results.

During the quarter, significant progress was made in this regard, including:

- the sale of additional property and equipment
- the permanent closure of the Field sawmill
- the transfer of the Company's conventional logging operations to contractors, and
- the sale (pending) of the Company's helicopter logging subsidiary

Interfor's Interior and U.S. operations continued to perform well in the 1st Quarter with improved profitability in each area compared to the 4th Quarter of 2005.

During the 1st Quarter Interfor paid \$5.2 million (\$3.4 million, after tax) in deposits for countervailing and anti-dumping duties on shipments of 107 million board feet from Canada to the U.S. At the end of the quarter, Interfor had paid total deposits of US\$96.7 million (CAD \$113.0 million utilizing March 31, 2006 exchange rates) since the deposit requirement came into effect in May 2002.

CASH FLOW AND BALANCE SHEET

Interfor generated \$15.4 million in cash from operations after working capital changes were considered in the 1st Quarter. In addition, \$5.0 million was received from the sale of property and equipment.

Capital spending in the 1st Quarter amounted to \$15.9 million including \$3.0 million on roads, \$3.6 million on maintenance of business projects, \$8.3 million on discretionary projects and \$1.0 million on land development.

Interfor's net debt dropped to \$23.3 million at the end of the 1st Quarter from \$29.7 million at the end of the 4th Quarter, representing a ratio of net debt to invested capital of 5.6% compared to 7.1% at the end of the 4th Quarter.

OUTLOOK

After dipping to \$315 to \$320 per thousand board feet in late February, structural prices in the U.S. market have bounced back to the \$340 range in recent weeks and appear to be well-positioned as the building season in North America gains momentum. Similarly, cedar prices have improved by 5% to 10% in recent months in the face of the reduced supply. In Japan, economic conditions continue to improve, with housing starts edging over an annualized rate of 1.3 million units in February. Prices in Japan continue to respond to supply shortages and are up 5% year-over-year. Conversely, prices for industrial and specialty grades are off 10% – 15% year-over-year although prices for some grades have improved in recent months due to shortages in supply.

Log inventories in the Company's Coastal unit and in the U.S. are beginning to improve after a slow start to the year, while inventories in the Interior are in good shape.

The Company is planning to operate each of its mills on a normal schedule during the 2nd Quarter.

Interfor expects to make additional progress on its plan to monetize non-core and non-performing operations in the 2nd Quarter.

Capital spending will increase in the upcoming quarter as the Company moves ahead with the previously announced projects at the Port Angeles, Molalla, Gilchrist and Adams Lake operations. At the same time, Interfor continues to look for growth opportunities in regions and products with attractive fundamentals.

SHARE BUY-BACK PROGRAM

There was no activity under the terms of the Company's share buy-back program in the 1st Quarter. Since inception, Interfor has purchased a total of 39,100 shares at an average of \$6.55 under the program. These shares were cancelled on purchase.

FORWARD LOOKING STATEMENTS

This press release 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 Report.

EBITDA

In this Press Release reference is made to EBITDA and EBITDA excluding Other Income. EBITDA represents earnings before interest, taxes, depletion, amortization and restructuring costs and write-downs of plant and equipment. EBITDA excluding Other Income represents EBITDA less other income. The Company discloses EBITDA as it is a measure used by analysts and Interfor's management 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.

ABOUT INTERFOR

Interfor is one of the Pacific Northwest's largest producers of quality wood products. The Company has operations in British Columbia, Washington and Oregon, including four sawmills in the Coastal region of British Columbia, one in the B.C. Interior, one in Washington and two in Oregon. In addition, Interfor operates value-added remanufacturing and specialty products facilities in B.C. and Washington.

Additional information relating to the Company and its operations, including Interfor's Annual Statutory Information for 2005, can be found on its website at www.interfor.com and or on SEDAR at www.sedar.com.

SELECTED STATISTICS

**Three Months Ended
March 31**

	<u>2006</u>	<u>2005</u>
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Lumber volume (MMfbm)		
- Sales	328	256
- Production ⁽¹⁾	325	253
Log Volume (000 m ³)		
- Production	391	447
Prices (\$/Mfbm)		
- Lumber ⁽²⁾	540	633
- Pulp Chips	25	29
Shares Outstanding (millions)		
- Total at period end ⁽³⁾	48.7	48.7
- Weighted average	48.7	48.7

⁽¹⁾ excluding volumes custom cut for third parties

⁽²⁾ gross sales before countervailing and antidumping duties

⁽³⁾ as of April 25, 2006 the number of shares outstanding by class are as follows:

Class A subordinate voting	47,692,876
Class B common	1,015,779
Total	48,708,655

There will be a conference call on Friday, April 28, 2006 at 8:00 AM (Pacific Time) hosted by **INTERNATIONAL FOREST PRODUCTS LIMITED** for the purpose of reviewing the Company's release of its First Quarter 2006 Financial Results. The dial-in number is **1-800-470-5906**.

The conference call will also be recorded for those unable to join in for the live discussion. The number to call is **1-800-558-5253 Reservation 21288525#** and will be available until May 12, 2006.

William L. Sauder
Chairman

Duncan K. Davies
President and C.E.O.

Contact: Gerald J. Friesen
Vice President and Corporate Secretary
(604) 689-6804



CONSOLIDATED STATEMENTS OF OPERATIONS
For the three months ended March 31, 2006 and 2005 (unaudited)

(thousands of Canadian dollars except earnings per share)

	3 Months Mar. 31, 2006	3 Months Mar. 31, 2005
Sales	\$ 213,603	\$ 192,926
Costs and expenses:		
Production	183,772	160,516
Selling and administration	5,002	5,460
Long term incentive compensation	755	1,728
U.S. countervailing and antidumping duty deposits (note 10)	5,177	6,886
Amortization of plant and equipment	7,631	6,146
Depletion and amortization of timber, roads and other	2,788	5,106
	205,125	185,842
Operating earnings before restructuring costs	8,478	7,084
Restructuring costs (recoveries) (note 7)	(413)	-
Operating earnings	8,891	7,084
Interest expense on long-term debt	(762)	(764)
Other interest expense	(242)	(274)
Other income (note 6)	2,967	6,942
Equity in earnings of investee companies	844	2,832
	2,807	8,736
Earnings before income taxes	11,698	15,820
Income taxes:		
Current	633	2,085
Future	2,337	2,814
	2,970	4,899
Net earnings	\$ 8,728	\$ 10,921
Net earnings per share, basic and diluted (note 8)	\$ 0.18	\$ 0.22

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
For the three months ended March 31, 2006 and 2005 (unaudited)

(thousands of Canadian dollars)

	3 Months Mar. 31, 2006	3 Months Mar. 31, 2005
Retained earnings, beginning of year	\$ 85,943	\$ 66,218
Net earnings	8,728	10,921
Retained earnings, end of period	\$ 94,671	\$ 77,139

See accompanying notes to consolidated financial statements



CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2006 and 2005 (unaudited)

(thousands of Canadian dollars)	3 Months Mar. 31, 2006	3 Months Mar. 31, 2005
Cash provided by (used in):		
Operating activities:		
Net earnings	\$ 8,728	\$ 10,921
Items not involving cash:		
Amortization of plant and equipment	7,631	6,146
Depletion and amortization of timber, roads and other	2,788	5,106
Future income taxes	2,337	2,814
Reforestation liability	1,219	973
Other long-term liabilities	(648)	(1,159)
Equity in earnings of investee companies	(844)	(2,832)
Writedown of property, plant, equipment and timber	-	2,283
Other	(2,525)	(6,942)
	18,686	17,310
Cash generated from (used in) operating working capital:		
Accounts receivable	(3,674)	2,503
Inventories	6,919	(1,066)
Prepaid expenses	(1,685)	1,900
Accounts payable and accrued liabilities	(5,186)	(4,308)
Income taxes	308	1,945
	15,368	18,284
Investing activities:		
Additions to property, plant and equipment	(12,931)	(18,910)
Additions to logging roads and timber	(2,995)	(5,001)
Proceeds on disposal of property, plant, equipment, timber and roads	5,015	21,960
Investments and other assets	1,821	5,805
	(9,090)	3,854
Financing activities:		
Issuance of share capital	140	153
Increase in bank indebtedness	2,019	-
Repayments of long-term debt	-	(20,514)
	2,159	(20,361)
Foreign exchange gain on cash and cash equivalents held in a foreign currency:	127	74
Increase in cash	8,564	1,851
Cash on deposit, beginning of period	19,061	18,259
Cash on deposit, end of period	\$ 27,625	\$ 20,110
Supplementary disclosures (see also note 3)		
Cash interest paid	\$ 1,004	\$ 1,038
Cash income taxes paid	325	144

See accompanying notes to consolidated financial statements



CONSOLIDATED BALANCE SHEETS

March 31, 2006 and 2005 (unaudited) and December 31, 2005 (audited)

(thousands of Canadian dollars)

	Mar. 31, 2006	Dec. 31, 2005	Mar. 31, 2005
Assets			
Current assets:			
Cash	\$ 27,625	\$ 19,061	\$ 20,110
Accounts receivable (note 12(c))	41,585	37,911	39,725
Income taxes recoverable	317	625	-
Inventories	96,041	102,960	109,829
Prepaid expenses	8,124	6,439	8,331
Future income taxes	5,618	6,659	5,329
	179,310	173,655	183,324
Investments and other assets (note 3)	7,067	62,747	44,453
Property, plant and equipment, net of accumulated amortization	292,395	289,227	248,392
Timber and logging roads, net of accumulated depletion and amortization	52,898	52,375	65,798
Goodwill and other intangible assets	15,694	15,694	14,011
Future income taxes	2,468	3,980	-
	\$ 549,832	\$ 597,678	\$ 555,978
Liabilities and Shareholders' Equity			
Current liabilities:			
Bank indebtedness (note 4(a))	\$ 10,072	\$ 8,053	\$ -
Accounts payable and accrued liabilities	77,499	82,685	81,494
Income taxes payable	-	-	2,520
Promissory note payable to investee company (note 3)	-	54,354	-
Future income taxes payable	155	351	-
	87,726	145,443	84,014
Reforestation liability, net of current portion	16,461	15,242	17,955
Long-term debt (note 4(b))	40,880	40,705	54,680
Other long-term liabilities	5,735	6,667	8,539
Future income taxes	2,934	3,100	7,201
Shareholders' equity:			
Share capital			
Class A subordinate voting shares	294,823	294,683	294,734
Class B common shares	4,080	4,080	4,080
Contributed surplus	8,186	8,186	8,201
Cumulative translation adjustment	(5,664)	(6,371)	(565)
Retained earnings	94,671	85,943	77,139
	396,096	386,521	383,589
	\$ 549,832	\$ 597,678	\$ 555,978

Contingencies (note 10)

Subsequent event (note 4(a))

See accompanying notes to consolidated financial statements

On behalf of the Board:

W. L. Sauder
Director

J. A. Milroy
Director

INTERNATIONAL FOREST PRODUCTS LIMITED

Notes to Unaudited Interim Consolidated Financial Statements
(Tabular amounts expressed in thousands except per share amounts)
Three months ended March 31, 2006 and 2005 (unaudited)

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, 2005.

2. Seasonality of operating results:

The Company operates in the solid wood business which includes logging and manufacturing operations. Logging activities vary throughout the year 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. Manufacturing operations are less seasonal than logging operations but do depend on the availability of logs from the logging operations and from third party suppliers. In addition, the market demand for lumber and related products is generally lower in the first quarter due to reduced construction activity which increases during the spring, summer and fall.

3. Payable to investee company:

On April 21, 2005, the Seaboard Limited Partnership ("the Seaboard Partnership"), made an advance to its partners, with the Company's share of the advance being \$27,757,000. The Company signed an unsecured promissory note which was payable on demand on or before January 31, 2006 and was non-interest bearing until January 31, 2006 and interest bearing at the rate of 5% per annum thereafter.

On December 29, 2005, the Seaboard Partnership provided a second advance to its partners, with the Company's share of this advance being \$26,597,000. The advance was payable on demand and was non-interest bearing.

On January 3, 2006, the Seaboard Partnership declared an income distribution to its partners, of which the Company's share of \$54,354,000 was received by way of setoff against the advance and the promissory note payable to the Seaboard Partnership. In accordance with equity accounting, the income distribution was recorded as a reduction of the investment in Seaboard.

4. Bank indebtedness and long-term debt:

(a) Bank indebtedness:

	Canadian Operating Facility	Mapri Developments	U.S. Operating Facility	Total
March 31, 2006				
Available line of credit	\$ 75,000	\$ 4,000	\$ 17,520	\$ 96,520
Maximum borrowing available	49,776	4,000	17,520	71,296
Unused portion of line	44,997	1,665	5,069	51,731
Outstanding letters of credit included in line utilization	4,779	-	187	4,966
March 31, 2005				
Available line of credit	\$ 75,000	\$ -	\$ 18,227	\$ 93,227
Maximum borrowing available	65,276	-	15,106	80,382
Unused portion of line	61,346	-	11,631	72,977
Outstanding letters of credit included in line utilization	3,930	-	437	4,367

In the 2nd Quarter of 2006, the Company renewed its existing Canadian operating line of credit. The terms and conditions of the line remain unchanged until April 27, 2006, with a maximum operating line of credit totalling \$75,000,000 (2005 - \$75,000,000), and subject to a borrowing base calculation dependent upon certain accounts receivable and inventories. The loan bears interest at 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. Effective April 27, 2006, the only changes to the line include the reduction of the maximum operating line of credit to \$60,000,000 and a reduction in the interest rate premiums. The line matures on April 26, 2007.

In the 1st Quarter of 2006, the Company renewed its existing U.S. operating line of credit. The terms and conditions of the line remain unchanged, with a maximum operating line of credit totalling US\$15,000,000. The line is subject to a borrowing base calculation dependent upon certain accounts receivable and inventories of the Company's subsidiary, Interfor Pacific Inc. The loan bears interest at U.S. bank prime or, at the Company's option, at LIBOR plus 1 3/4%. The line of credit is secured by the accounts receivables and inventories of Interfor Pacific Inc. and is subject to certain financial covenants including a maximum ratio of total debt to total capitalization. The line matures on March 1, 2007.

On acquisition of Mapri on May 31, 2005, the Company renewed Mapri's existing revolving line of credit of \$4,000,000. This demand line bears interest at bank prime plus 1/4%, and, after renegotiation in the 1st Quarter of 2006, is secured by a general charge over all assets of B.W. Creative Wood Industries Ltd., a wholly-owned subsidiary of Mapri. The line is subject to a borrowing base calculation dependent upon certain accounts receivable and inventories and matures on August 1, 2006.

4. Bank indebtedness and long-term debt (continued):

(b) Long-term debt:

INTERNATIONAL FOREST PRODUCTS LIMITED

Notes to Unaudited Interim Consolidated Financial Statements

(Tabular amounts expressed in thousands except per share amounts)

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The maximum borrowing available under the Company's Canadian revolving term line ("Revolving Line") is \$90,000,000 (March 31, 2005 - \$90,000,000). As at March 31, 2006, the Revolving Line was undrawn (March 31, 2005 - US\$10,000,000 revalued to CAD\$12,151,000). 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 or LIBOR based loans and matures on April 27, 2007.

As at March 31, 2006, the \$US non-revolving term line (the "Non-Revolving Line") remains fully drawn at US\$35,000,000 (2005 - US\$35,000,000) and was revalued at the month-end exchange rate to CAD\$40,880,000 (March 31, 2005 - CAD\$42,529,000). The Non-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 LIBOR based loans and matures on September 1, 2009.

Both lines are secured and are subject to certain financial covenants including a minimum working capital requirement and a maximum ratio of total debt to total capitalization.

Minimum principal amounts due on long-term debt within the next five years are as follows:

2006	\$	-
2007		-
2008		-
2009		40,880
2010		-
	\$	40,880

6. Other income:

	3 months	
	Mar. 31, 2006	Mar. 31, 2005
Gain on disposal of Marysville sawmill	\$ 874	\$ -
Gain on settlement of timber takeback	-	6,373
Gain on disposal of surplus property, plant and equipment	1,651	569
Other income (expense)	442	-
	\$ 2,967	\$ 6,942

On March 31, 2006, the Company completed the sale of its sawmill located in Marysville, Washington. The Company recorded sale proceeds of \$2,542,000 and a gain of \$874,000.

7. Restructuring costs:

During the first quarter, the Company received recoveries of \$1,617,000 from the B.C. Forestry Revitalization Trust set up by the Government of British Columbia, as reimbursement for severance costs of workers who were displaced by the reductions in harvesting rights taken under the *Forestry Revitalization Act*. As the associated costs had been expensed in the current and prior years as restructuring costs, the recovery served to offset additional severance costs for these workers recorded in the current period. The Company continues to pursue mitigation of certain restructuring costs which it feels it is entitled to under the terms of the Trust, but the amount of any additional mitigation is not yet determinable and will be recorded when the amounts can be estimated.

8. Net earnings per share:

	3 months Mar. 31, 2006			3 months Mar. 31, 2005		
	Net earnings	Shares	Per share	Net earnings	Shares	Per share
Basic earnings per share	\$ 8,728	48,680	\$ 0.18	\$ 10,921	48,655	\$ 0.22
Share options	-	626	-	-	675	-
Diluted earnings per share	\$ 8,728	49,306	\$ 0.18	\$ 10,921	49,330	\$ 0.22

INTERNATIONAL FOREST PRODUCTS LIMITED

Notes to Unaudited Interim Consolidated Financial Statements
(Tabular amounts expressed in thousands except per share amounts)
Three months ended March 31, 2006 and 2005 (unaudited)

9. Segmented information:

The Company manages its business as a single operating segment, solid wood. The Company purchases and harvests logs which are 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 and the Pacific Northwest, U.S.A.

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

	3 months Mar. 31, 2006	3 months Mar. 31, 2005
Canada	\$ 52,793	\$ 52,553
United States	128,986	91,521
Japan	15,381	27,039
Other export	16,443	21,813
	\$ 213,603	\$ 192,926

Sales by product line are as follows:

	3 months Mar. 31, 2006	3 months Mar. 31, 2005
Lumber	\$ 177,668	\$ 162,094
Logs	14,605	17,357
Wood chips and other by products	9,094	8,212
Other	12,236	5,263
	\$ 213,603	\$ 192,926

The Company has capital assets, goodwill and other intangible assets located in:

	Mar. 31, 2006	Mar. 31, 2005
Canada	\$ 213,121	\$ 239,418
United States	147,866	88,783
	\$ 360,987	\$ 328,201

10. Contingencies:

On May 16, 2002, the U.S. International Trade Commission ("USITC") published its final written determination on injury in the countervailing duty ("CVD") and antidumping duty ("ADD") investigations and stated that Canadian softwood lumber threatens material injury to the U.S. industry. As a result, effective from May 22, 2002, cash deposits were required for shipments at the rates determined by the U.S. Department of Commerce ("USDOC").

On October 5, 2005 the NAFTA Panel on CVD issued its decision on the USDOC's fourth remand determination which had resulted in a calculated CVD rate of 1.21%. In a unanimous decision for Canada, the NAFTA Panel overturned the USDOC's last decision. The USDOC was ordered to comply with the remand and on November 22, 2005 the USDOC issued a de minimis finding which should mean that the CVD duty must be revoked entirely. Both sides appealed to the NAFTA Panel (the Canadian side for a declaration that the CVD case must be terminated and all CVD deposits refunded). On March 17, 2006 the NAFTA Panel unanimously affirmed the USDOC de minimis subsidy finding, but declined to rule on whether the CVD order should be revoked retroactively or only prospectively until the USDOC rules on the issue. The NAFTA Panel decision can be appealed to an Extraordinary Challenge Committee. The deadline for making an Extraordinary Challenge is April 27, 2006.

Effective December 12, 2005, the USDOC implemented new deposit rates based on its second Administrative review period (April 1, 2003 to March 31, 2004 for the CVD case; and May 1, 2003 to April 30, 2004 for the ADD case) and reduced the CVD deposit rate to 8.70% and the all others ADD rate to 2.11%. Effective January 23, 2006, the USDOC further amended the ADD rate to 2.10%, reducing the Company's combined CVD and ADD deposit rate to 10.80%.

On November 23, 2005 Interfor was selected by the USDOC as a respondent under the Third Antidumping Duty Administrative Review. This review is expected to be completed in late 2006 at which time Interfor will be assigned a Company-specific ADD rate for the review period May 1, 2004 to April 30, 2005. This rate will also remain effective as a deposit rate for the Company until the release of the results of the Fourth Administrative Review in late 2007.

The Company has expensed \$5,177,000 (2005 - \$6,886,000) in duties for the three months ended March 31, 2006. The Company has paid US\$96,748,000 in cash deposits since May 22, 2002. These total U.S. deposits translated at the March 31, 2006 exchange rate equate to \$113,002,000.

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 CVD and ADD determinations made by the USITC and USDOC. Canadian Interests continue to pursue appeals of the final CVD and ADD determinations with the appropriate courts, NAFTA panels and the World Trade Organization ("WTO").

The final amount of CVD and ADD duties that may be assessed on Canadian softwood lumber exports to the U.S. cannot be determined at this time and will depend on appeals of the final determinations to any reviewing courts, NAFTA or WTO panels. Notwithstanding the final rates established in the investigations, the final liability for the assessment of CVD and ADD duties will not be determined until each annual administrative review process is complete, including appeals. The Company has not recorded any receivable for prior periods related to the change in the cash deposit rate applicable to new shipments.

11. Employee future benefits:

INTERNATIONAL FOREST PRODUCTS LIMITED

Notes to Unaudited Interim Consolidated Financial Statements

(Tabular amounts expressed in thousands except per share amounts)

Three months ended March 31, 2006 and 2005 (unaudited)

The total benefits cost under its various pension plans (described in the Company's audited annual consolidated financial statements) are as follows:

	3 months	
	Mar. 31, 2006	Mar. 31, 2005
Defined contribution plan	\$ 474	\$ 480
Defined benefit plan	126	146
Unionized employees' pension plan	1,022	1,108
U.S. employees benefit plan	184	143
Senior management supplementary pension plan	90	78
Total pension expense	\$ 1,896	\$ 1,955

12. Financial instruments:

(a) Fair value of financial instruments:

At March 31, 2006, the fair value of the Company's long-term debt approximated its carrying value of \$40,880,000 (March 31, 2005 - \$54,680,000) as the majority of the long-term debt bore interest at current market rates. The fair values of other financial instruments approximate their carrying values due to their short-term nature.

(b) 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 March 31, 2006, the Company has outstanding obligations to sell a maximum of US\$16,000,000 at an average rate of CAD\$1.1595 and Japanese ¥260,000,000 at an average rate of ¥99.97 to the CAD\$1.00 during 2006. All foreign currency gains or losses to March 31, 2006 have been recognized in the statement of operations.

In September 2005, the Company entered into a cross currency interest rate swap. The Company swapped \$20,000,000 USD denominated debt at an exchange rate of 1.1765 (CAD\$23,530,000). The Company will pay 5.84%, including a spread of 200 basis points, on the Canadian dollar equivalent and receive 90 day LIBOR plus a spread of 200 basis points on the US\$20,000,000. LIBOR will be recalculated at set interval dates. The swap will mature on September 1, 2009 and has been marked to market with all gains or losses recognized in the Statement of Operations.

(c) Sale of receivables:

During 2000, the Company entered into an agreement to sell designated trade receivables, with limited recourse, to a Trust. As these trade receivables are collected, they are replaced by new receivables to maintain the aggregate outstanding balance. In the 1st Quarter of 2006, the Company renewed this agreement and extended its termination date to March 31, 2007. At March 31, 2006, the Company received cash proceeds of \$25,000,000 (March 31, 2005 - \$25,000,000), from the sale of receivables.