



International Forest Products Limited

Vancouver, B.C.

April 23, 2009

Weak Markets Impact Interfor's 1st Quarter Results

Company generates positive cash flow in spite of losses; weak pricing environment will continue until balance is restored between supply and demand

INTERNATIONAL FOREST PRODUCTS LIMITED ("Interfor" or the "Company") (TSX: IFP.A) reported a net loss of \$13.6 million (\$0.29 per share) for the first quarter of 2009, compared to a net loss of \$0.9 million (\$0.02 per share) in the first quarter of 2008.

Included in the Company's results is a \$0.8 million (or \$0.02 per share) restructuring provision, after tax, relating to staff severance.

Interfor's loss for the quarter reflects depressed market conditions and weak product pricing across all of the Company's product lines.

Housing starts in the United States in March came in at a seasonally adjusted rate of 510,000 units, more than 48% below the rate of March 2008 and a full 75% below 2005 levels.

SPF 2X4 prices dropped US\$30 per thousand board feet or 16% in the first quarter as production curtailments throughout the industry were not sufficient to offset reduced demand. Cedar prices dropped 10% to 20% depending on grade and Japanese products were off 8% to 10%. Depressed price levels were only partially offset by the weaker Canadian dollar, which averaged US\$0.804 versus US\$0.825 in the immediately preceding quarter.

"The traditional approach of managing unit conversion costs doesn't work in this type of market," said Duncan Davies, Interfor's President and CEO. "We've always been focused on managing for cash, and we will continue to follow that approach."

In the face of weak demand, operations were actively curtailed in the quarter. Lumber production totalled 121 million board feet compared to 104 million board feet in the first quarter last year and 118 million board feet in the immediately preceding quarter. Log production at the Company's Canadian operations was 72,000 m³ in the first quarter compared to 411,000 m³ in the same quarter last year and 290,000 m³ in the immediately preceding quarter. In the U.S., log procurement was matched against mill consumption.

Lumber sales totalled 122 million board feet compared to 113 million board feet in the same quarter in 2008 and 133 million board feet in the immediately preceding quarter. The average selling price of lumber sold in the quarter was \$462 per thousand board feet, down \$210 or 31% versus the same quarter last year and \$32 or 6% versus the immediately preceding quarter.

All-in-all, EBITDA was negative \$7.7 million in the first quarter compared to positive \$8.5 million in the first quarter of 2008.

Cash generated from operations, after changes in working capital, was \$19.2 million in the quarter as cash extracted from inventories and accounts receivable and from income tax refunds more than offset the loss from operations. Capital spending amounted to \$13.1 million, including \$12.0 million on the new Adams Lake sawmill.

Net debt ended the quarter at \$160.1 million or 28.6% of invested capital, down from \$167.8 million or 29.2% of invested capital at the end of 2008.

The financial crisis impacting the global economy has had a material effect on lumber consumption worldwide, particularly in the United States.

While housing prices in the U.S. are down almost 30% year-over-year and affordability is at its best level in more than two decades, activity in the housing market remains well below normal with few signs of significant near-term recovery.

"Until balance is restored between supply and demand, we can expect the weak pricing environment to continue," said Davies.

Other than the new Adams Lake sawmill, which commenced start-up on one shift on April 20th, the Company's lumber operations are expected to operate on the same basis as the first quarter at about 40% of available capacity. The Company's Coastal Woodlands resumed operations in late March, albeit on a reduced scale. Any deterioration in demand levels or product prices could result in additional curtailments.

The Company has also taken steps to reduce overhead costs in the face of reduced operating rates and lower revenues. Additional steps will be taken in the coming weeks. In addition, all discretionary capital spending has been curtailed.

On March 30th, Interfor reached agreement with Port Metro Vancouver (the "Port") for the sale of the Company's former Queensboro mill site for \$30.1 million, subject to the Port obtaining final approval from the Minister of Transport, Canada. The transaction is expected to close in the third quarter.

The sale of the Queensboro property along with the previously announced amendment and extension of the Company's syndicated credit facilities provides, the Company believes, sufficient resources to meet its foreseeable cash requirements.

FORWARD-LOOKING STATEMENTS

This release contains information and statements that are forward-looking in nature, including, but not limited to, statements containing the words "will" and "is expected" and similar expressions. Such statements involve known and unknown risks and uncertainties that may cause Interfor's actual results 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 Interfor's current annual report and management information circular available on www.sedar.com. The forward-looking information and statements contained in this report are based on Interfor's current expectations and beliefs. Readers are cautioned not to place undue reliance on forward-looking information or statements. Interfor undertakes no obligation to update such forward-looking information or statements, except where required by law.

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 two sawmills in the Coastal region of British Columbia, three in the B.C. Interior, two in Washington and two in Oregon. For more information about Interfor, visit our website at www.interfor.com.

There will be a conference call on Friday, April 24, 2009 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, 2009 Financial Results.

The dial-in number is **1-866-400-3310**. The conference call will also be recorded for those unable to join in for the live discussion, and will be available until May 8, 2009. The number to call is **1-866-245-6755 Passcode 445939**.

For further information:

John A. Horning
Senior Vice President, Chief Financial Officer and Corporate Secretary
(604) 689-6829



International Forest Products Limited

First Quarter Report

For the three months ended March 31, 2009

Management's Discussion and Analysis

Dated as of April 23, 2009

This Management's Discussion and Analysis ("MD&A") provides a review of Interfor's financial performance for the three months ended March 31, 2009 relative to 2008, the Company's financial condition and future prospects. The MD&A should be read in conjunction with the interim Consolidated Financial Statements for the three months ended March 31, 2009 and 2008, and Interfor's Annual Information Form, Consolidated Financial Statements and Annual MD&A for the years ended December 31, 2008 and 2007 filed on SEDAR at www.sedar.com. The financial information contained in this MD&A has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). In this MD&A, reference is made to EBITDA and Adjusted EBITDA. EBITDA represents earnings before interest, taxes, depletion, amortization, restructuring costs, other foreign exchange gains and losses, and write-downs of property, plant, equipment and timber ("asset write-downs"). Adjusted EBITDA represents EBITDA adjusted for 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.

Unless otherwise noted, all financial references in this MD&A are in Canadian dollars.

References in this MD&A to "Interfor" and the "Company" mean International Forest Products Limited, together with its subsidiaries.

Forward-Looking Statements

This reports contains information and statements that are forward-looking in nature, including, but not limited to, statements containing the words "believe", "may", "will", "expects", "estimates", "projects", "continue", "anticipates", "intends", and similar expressions. Such statements involve known and unknown risks and uncertainties that may cause Interfor's actual results 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 Interfor's current Annual Information Form available on www.sedar.com. Readers are cautioned not to place undue reliance on forward-looking information or statements. Interfor undertakes no obligation to update such forward-looking information or statements, except where required by law.

Review of Operating Results

Overview

Interfor recorded a net loss of \$13.6 million, or \$0.29 per share for the first quarter of 2009, compared to a net loss of \$0.9 million, or \$0.02 per share, for the same quarter in 2008. EBITDA and Adjusted EBITDA for the first quarter of 2009 were negative \$7.7 million and \$8.4 million, respectively, compared to positive \$8.5 million and \$8.5 million, for the same quarter of 2008.

Before restructuring costs, foreign exchange gains (losses) and other one-time items, the Company's net loss for the first quarter of 2009 amounted to \$13.3 million or \$0.28 per share as compared to net earnings of \$0.9 million, or \$0.02 per share for the first quarter of 2008.

The operating loss for the first quarter of 2009 reflected extremely low product demand and weak product pricing, both of which significantly impacted sales realizations and closing inventory valuations. Demand remained weak as credit availability impacted many customers and industry curtailments were insufficient to offset reduced demand levels. Lumber prices hit historic lows in the first quarter of 2009.

Although March 2009 seasonally adjusted U.S. housing starts showed slight improvement from the historic lows of January, there continues to be a large inventory of unsold houses in the U.S. which still needs to be absorbed. The

Company continued to proactively curtail production in all operations in the first quarter in response to decreased product demand.

Sales

Lumber shipments were up 8.6 million board feet, or 7.6%, for the first quarter of 2009 compared to the same quarter of 2008, as lower operating rates were offset by the additional sales volumes from the sawmills acquired in 2008. Unit lumber sales values over the same period were down \$209 per mfbm, or 31.2%, as weaker lumber prices for all products erased the positive impact of the weakening Canadian dollar. The impact of lower product prices was magnified as the sales mix shifted away from higher-value cedar products. The Canadian dollar was down 23.9% on average relative to its U.S. counterpart, when compared to the first quarter of 2008.

Pulp chip and other by-product revenues for the first quarter of 2009 were up \$1.9 million, or 33.7%, compared to the first quarter of 2008, with the decline in sales volumes due to reduced sawmill operating rates more than offset by the additional volumes generated by the sawmills acquired in mid and late 2008. Average chip prices were up \$5 per mfbm, or 12.9%, reflecting the impact on realizations from the weaker Canadian dollar. Log sales were down \$18.1 million, or 58.5%, corresponding to a decline of 49.9% in log sales volume for Canadian operations, with a change in sales mix to lower quality logs sold to reduce inventories in the quarter. This is reflected in the average sales price for log sales in Canada which declined to \$54 per cubic metre in the first quarter of 2009, as compared to \$75 per cubic metre for the same period of 2008.

Operating Costs

Production costs for the first quarter of 2009 were down \$20.1 million, or 19.8%, compared to the same period in 2008, substantially as a result of market curtailments partially offset by an increase in lumber production resulting from the sawmills acquired in 2008. Lumber production increased by 16.4 million board feet, or 15.7%, over the same period in 2008. B.C. log production was reduced by 339,000 cubic metres, or 82.5%, to lower inventory levels. The positive impact of lower log prices in the U.S. Pacific Northwest, as a result of declining demand, was more than offset by the weakened Canadian dollar.

The Canada/U.S. lumber export tax remained at 15% through the first quarter of 2009. Export taxes were down \$0.4 million, due to a drop of 5.9 million board feet in shipments to the U.S. and lower prices, offset in part by the weakened Canadian dollar.

There was little change in selling and administrative costs for the first quarter of 2009 compared to the first quarter of 2008, notwithstanding the addition of three sawmills in mid and late 2008. The Company recorded long term incentive compensation ("LTIC") expense of \$0.4 million for the first quarter of 2009, reflecting a 5.3% increase in the Company's share price over the period. For the first quarter of 2008, the Company recorded a LTIC recovery of \$0.3 million.

Amortization and depletion expense for the first quarter of 2009 was down \$2.6 million, or 29.3% compared to the same quarter of 2008, primarily as a result of lower operating rates.

Restructuring costs totaled \$1.1 million in the first quarter of 2009, compared to \$2.2 million in the first quarter of 2008. Costs in the first quarter of 2009 consisted of severance costs arising from downsizing its workforce in response to reduced operating rates.

Interest, Other Foreign Exchange Gain (loss), Other Income

Net interest expense was \$1.6 million for the first quarter of 2009, compared to the net interest expense of \$0.4 million in the first quarter of 2008, due to increased borrowings resulting from the acquisition of several sawmills and related assets in mid and late 2008, and the construction of the new Adams Lake sawmill. Other foreign exchange losses were negligible for the three months ended March 31, 2009, compared to \$0.4 million for the same period of 2008. The Company reported Other income of \$0.6 million for the first quarter of 2009, as it disposed of surplus capital assets, and its property and buildings in Maple Ridge, B.C. previously classified as held for sale.

Cash Flow and Financial Position

Cash generated by the Company from operations, after changes in working capital, was \$19.2 million for the first quarter of 2009, compared to cash generated of \$24.0 million for the first quarter of 2008. Significant production curtailments caused a drawdown of inventories by \$13.3 million and the early filing of the 2008 income tax return resulted in the receipt of \$16.1 million in cash tax refunds in the first quarter of 2009.

Capital expenditures for the first quarter of 2009 were \$12.7 million, excluding changes in amounts accrued, (Quarter

1, 2008 - \$13.7 million), with \$11.5 million related to spending on the new Adams Lake sawmill, \$0.2 million on maintenance projects, \$0.7 million on land development and \$0.3 million on roads. Construction of the new sawmill at Adams Lake is substantially complete and the mill commenced start-up procedures on April 20, 2009 on a one-shift basis.

In the first quarter of 2009, the disposals of surplus property and buildings in Maple Ridge, B.C. combined with other minor sales of surplus equipment, generated proceeds of \$4.4 million and a gain of \$0.7 million.

There were no shares purchased under the Company's Normal Course Issuer Bid which terminated on January 7, 2009.

On January 2, 2009, the Seaboard Limited Partnership declared an income distribution to its partners. Interfor's share was \$3.7 million and was paid to the Company by way of setoff against the promissory note payable to the Seaboard Limited Partnership.

The Company was able to make cash payments of \$10.0 million against its bank indebtedness and Revolving Term Line during the first quarter, 2009, despite the net loss, as proceeds from asset sales, cash tax refunds, and the release of cash from working capital more than offset the cash used in operations and capital spending.

On April 21, 2009, the Company amended and extended its existing syndicated credit facilities. The existing Canadian Operating Line decreased from \$100.0 million to \$65.0 million and the maturity date was extended to April 23, 2010. As part of the amendment, margining availability has been extended to include inventory domiciled in the United States. The Company's Revolving Term Line was increased from \$115.0 million to \$150.0 million, with no change to its maturity date. Except for an increase in pricing and the margining amendment, all other terms and conditions of the lines remain substantially unchanged. The net impact of this amendment is effectively to increase available liquidity by \$35.0 million.

As a result of the extension of margining coverage, all U.S. working capital will be included in the Company's syndicated operating facility and the US\$10.0 million U.S. Operating Line will not be extended when it matures on April 24, 2009.

Until global market conditions improve, discretionary capital expenditures will remain curtailed. Based on current pricing projections, expected proceeds from surplus assets held for sale and existing credit lines, the Company believes it has sufficient resources to fund any shortfall from operations, interest payments, and essential capital expenditures.

At March 31, 2009, the Company had cash of \$0.7 million. After deducting the Company's bank indebtedness and drawings under its Revolving Term Line, and Non-Revolving Term, the Company ended the quarter with net debt of \$160.1 million or 28.6% of invested capital.

Selected Quarterly Financial Information

Quarterly Earnings Summary	2009		2008		2007			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	(millions of dollars except share and per share amounts)							
Sales – Lumber	56.5	65.6	73.4	82.2	76.2	70.7	93.2	143.0
– Logs	12.8	18.3	28.8	25.7	30.9	35.6	30.3	33.2
– Wood chips and other by-products	7.4	8.8	8.9	7.4	5.5	7.2	10.0	17.1
– Other	0.6	0.8	0.9	2.1	1.8	1.9	2.0	2.1
Total Sales	77.3	93.5	112.0	117.4	114.4	115.4	135.5	195.4
Operating loss before restructuring costs and asset write-downs	(15.2)	(8.1)	(12.8)	(11.7)	(1.0)	(15.1)	(4.3)	(3.9)
Operating loss	(16.3)	(8.9)	(14.1)	(42.2)	(3.2)	(15.4)	(4.3)	(5.3)
Net loss	(13.6)	(18.7)	(8.1)	(27.7)	(0.9)	(8.8)	(1.4)	(3.8)
Net loss per share – basic and diluted	(0.29)	(0.40)	(0.17)	(0.59)	(0.02)	(0.19)	(0.03)	(0.08)
EBITDA ³	(7.7)	2.0	0.7	2.5	8.5	(4.6)	8.9	13.5
Cash flow from operations per share ¹	(0.22)	0.12	0.06	(0.06)	0.22	(0.05)	0.10	0.09
Shares outstanding – end of period (millions) ²	47.1	47.1	47.1	47.1	47.1	47.1	47.1	47.6
– weighted average (millions)	47.1	47.1	47.1	47.1	47.1	47.1	47.4	47.8
Adjusted EBITDA ³	(8.4)	1.7	0.1	1.9	8.5	(4.7)	7.2	11.6

¹ Cash generated from operations before taking account of changes in operating working capital.

- 2 As at April 23, 2009, the number of shares outstanding by class are: Class A Subordinate Voting shares – 46,101,476 Class B Common shares – 1,015,779, Total – 47,117,255.
- 3 EBITDA represents earnings before interest, taxes, depletion, amortization, restructuring costs, other foreign exchange gains and losses, and asset write-downs. 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. Adjusted EBITDA represents EBITDA adjusted for other income.

EBITDA and Adjusted EBITDA can be calculated from the Statements of Operations as follows:

	2009		2008		2007			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	(millions of dollars)							
Net loss	(13.6)	(18.7)	(8.1)	(27.7)	(0.9)	(8.8)	(1.4)	(3.8)
Add: Income taxes (recovery)	(3.1)	10.4	(5.2)	(13.9)	(2.4)	(7.0)	(1.7)	(4.6)
Interest expense (income)	1.6	2.5	1.5	0.8	0.4	0.2	(0.1)	(0.5)
Depletion and amortization	6.3	7.8	11.3	13.0	8.8	10.5	11.4	15.6
Other foreign exchange (gains) losses	-	(0.9)	-	(0.4)	0.4	0.2	0.7	5.3
Restructuring costs, asset write-downs and other	1.1	0.8	1.3	30.6	2.2	0.3	-	1.4
EBITDA	(7.7)	2.0	0.7	2.5	8.5	(4.6)	8.9	13.5
Deduct:								
Other income (expense)	(0.6)	(0.3)	0.6	0.6	-	0.2	1.7	1.9
Adjusted EBITDA	(8.4)	1.7	0.1	1.9	8.5	(4.7)	7.2	11.6

Volume and Price Statistics

		2009		2008		2007			
		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Lumber sales	(million fbm)	122	133	132	125	113	161	196	270
Lumber production	(million fbm)	121	118	148	128	104	150	187	269
Log sales ¹	(thousand cubic metres)	200	236	372	312	399	382	315	319
Log production ¹	(thousand cubic metres)	72	290	501	679	411	373	401	626
Average selling price – lumber ²	(\$/thousand fbm)	\$462	\$494	\$555	\$658	\$672	\$441	\$476	\$530
Average selling price – logs ¹	(\$/cubic metre)	\$54	\$69	\$70	\$79	\$75	\$91	\$95	\$101
Average selling price – pulp chips	(\$/thousand fbm)	\$46	\$58	\$48	\$47	\$41	\$37	\$43	\$54

1 B.C. operations

2 Gross sales before export taxes

Quarterly trends normally reflect the seasonality of the Company's operations. Logging operations are seasonal due to a number of factors including weather, ground conditions and fire season woods closures. Generally, the Company's logging divisions experience higher production levels 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 increases during the spring, summer and fall.

The impact of the global recession on overall demand, lower specialty product prices and a weakening Canadian dollar increased the operating losses in the fourth quarter of 2008 and the first quarter of 2009. The decrease in operating earnings for the quarters in 2007 and the first three quarters in 2008 related primarily to weak U.S. structural lumber markets, and the stronger Canadian dollar. For the third and fourth quarters of 2007, strike action also contributed to lower reported operating earnings. All of these factors contributed to lower operating rates and lumber sales realizations in the applicable periods.

Agreement to Sell Former Queensboro Sawmill Site

On March 30, 2009, the Company announced it has entered into an agreement with Port Metro Vancouver ("the Port") for the sale of its former Queensboro mill site for \$30.1 million. The agreement is subject to the Port obtaining final approval from the Minister of Transport, Canada. The transaction is expected to close in the third quarter, 2009. The

site is currently classified as held for sale.

Accounting Policy Changes

Effective January 1, 2009, the Company adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets* on a retrospective basis. This section replaces CICA Handbook Section 3062, *Goodwill and Intangible Assets*, and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of various preproduction and start-up costs and requires that these costs be expensed as incurred, with the concurrent withdrawal of CICA Emerging Issues Committee Abstract 27 ("EIC 27").

The Company previously deferred start-up costs on major plant construction to the extent these costs met the criteria under EIC 27 and the site met sustainable production levels defined as the earlier of:

- (a) Seventy percent of production capacity for two consecutive months; or
- (b) Six months

and to a maximum of twenty percent of the total project.

Start-up costs were amortized over five years on a straight-line basis.

The Financial Statements have been restated on a retrospective basis to reflect the requirements of the new standard.

Future Accounting Policy Changes

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian generally accepted accounting principles ("Canadian GAAP") will be converged with International Financial Reporting Standards ("IFRS") for fiscal years commencing January 1, 2011. The transition from Canadian GAAP to IFRS will be applicable for the Company for the first quarter of 2011 when the Company will prepare both the current and comparative financial information using IFRS.

While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences on recognition, measurement, and disclosures. The Company commenced its IFRS conversion project in 2008 with the provision of training to key employees. In the first quarter of 2009, the Company assembled a cross functional team, providing additional training to team members and commencing a high level review of its financial statement elements to identify major differences between Canadian GAAP and IFRS as applicable to the Company. Additional team members will be engaged in the second quarter and the Company will consult with outside experts, as required. Progress is on schedule.

Changes in accounting policies are likely. These changes may materially impact the Company's consolidated financial statements.

Controls and Procedures

There were no changes in the Company's internal controls over financial reporting ("ICFR") during the quarter ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Critical Accounting Estimates

There were no material changes to the Company's critical accounting estimates during the quarter ended March 31, 2009. For a full discussion of critical accounting estimates, please refer to the Company's discussion in its MD&A for the year ended December 31, 2008 as filed on SEDAR at www.sedar.com.

Outlook

The financial crisis impacting the global economy has had a material effect on lumber consumption worldwide, particularly in the United States.

While housing prices in the U.S. are down almost 30% year-over-year and affordability is at its best level in more than two decades, activity in the housing market remains well below normal with few signs of significant near-term recovery. In the face of these conditions, the Company will maintain its disciplined approach to production and strict controls on capital spending.

The Company has also taken steps to reduce overhead costs in the face of reduced operating rates and lower revenues. Additional steps will be taken in the coming weeks. In addition, all discretionary capital spending has been

curtailed.

The Adams Lake sawmill, which has been under construction since late 2007, commenced start-up on a one-shift basis on April 20, 2009.

Additional Information

Additional information relating to the Company and its operations can be found on its website at www.interfor.com, in the Annual Information Form and on SEDAR at www.sedar.com. Interfor's trading symbol on the Toronto Stock Exchange is IFP.A.



E. Lawrence Sauder
Chairman



Duncan K. Davies
President and Chief Executive Officer



CONSOLIDATED STATEMENTS OF OPERATIONS
For the three months ended March 31, 2009 and 2008 (unaudited)

(thousands of Canadian dollars except earnings per share)

	3 Months Mar. 31, 2009	3 Months Mar. 31, 2008 (restated - note 2)
Sales	\$ 77,277	\$ 114,374
Costs and expenses:		
Production	81,248	101,367
Selling and administration	4,095	4,491
Long term incentive compensation expense (recovery)	401	(259)
Export taxes	501	936
Amortization of plant and equipment	4,975	5,390
Depletion and amortization of timber, roads and other	1,277	3,449
	92,497	115,374
Operating loss before restructuring costs	(15,220)	(1,000)
Restructuring costs (note 10)	(1,073)	(2,240)
Operating loss	(16,293)	(3,240)
Interest expense on long-term debt	(1,214)	(518)
Other interest income (expense)	(406)	151
Other foreign exchange loss	(16)	(385)
Other income (note 9)	647	7
Equity in earnings of investee companies	581	667
	(408)	(78)
Loss before income taxes	(16,701)	(3,318)
Income taxes (recovery):		
Current	(1)	(4,350)
Future	(3,100)	1,950
	(3,101)	(2,400)
Net loss	\$ (13,600)	\$ (918)
Net loss per share, basic and diluted (note 11)	\$ (0.29)	\$ (0.02)

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
For the three months ended March 31, 2009 and 2008 (unaudited)

(thousands of Canadian dollars)

	3 Months Mar. 31, 2009	3 Months Mar. 31, 2008 (restated - note 2)
Retained earnings, beginning of year, as restated (note 2)	\$ 112,748	\$ 168,139
Net loss	(13,600)	(918)
Retained earnings, end of period	\$ 99,148	\$ 167,221

See accompanying notes to consolidated financial statements



CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2009 and 2008 (unaudited)

(thousands of Canadian dollars)

	3 Months Mar. 31, 2009	3 Months Mar. 31, 2008 (restated - note 2)
Cash provided by (used in):		
Operating activities:		
Net loss	\$ (13,600)	\$ (918)
Items not involving cash:		
Amortization of plant and equipment	4,975	5,390
Depletion and amortization of timber, roads and other	1,277	3,449
Future income taxes (recovery)	(3,100)	1,950
Other assets	20	(29)
Reforestation liability	1,453	390
Other long-term liabilities	(488)	(45)
Share of earnings in excess of cash distributions of investee company	(581)	(667)
Unrealized foreign exchange losses	451	1,057
Other (note 9)	(651)	(28)
	(10,244)	10,549
Cash generated from (used in) operating working capital:		
Accounts receivable	6,459	4,402
Inventories	13,285	13,593
Prepaid expenses	1,319	210
Accounts payable and accrued liabilities	(7,672)	(366)
Income taxes	16,082	(4,386)
	19,229	24,002
Investing activities:		
Additions to property, plant and equipment	(12,873)	(9,646)
Additions to logging roads and timber	(255)	(2,640)
Proceeds on disposal of property, plant, and equipment	4,384	28
Deposit held in escrow for acquisition	-	(64)
Investments and other assets	5	(372)
	(8,739)	(12,694)
Financing activities:		
Repayments of long-term debt (note 7(b))	(8,000)	-
Decrease in bank indebtedness	(1,955)	-
	(9,955)	-
Foreign exchange gain (loss) on cash and cash equivalents held in a foreign currency	22	(653)
Increase in cash	557	10,655
Cash on deposit, beginning of period	184	17,795
Cash on deposit, end of period	\$ 741	\$ 28,450
Supplementary disclosures		
Cash interest paid	\$ 1,620	\$ 367
Cash income taxes received	(16,082)	-

See accompanying notes to consolidated financial statements



CONSOLIDATED BALANCE SHEETS

March 31, 2009 and December 31, 2008 (unaudited)

(thousands of Canadian dollars)

	Mar. 31, 2009	Dec. 31, 2008
		(restated - note 2)
Assets		
Current assets:		
Cash and cash equivalents	\$ 741	\$ 184
Accounts receivable	20,256	25,441
Income taxes recoverable	143	16,225
Inventories (note 6)	66,166	78,991
Prepaid expenses	6,584	7,779
Future income taxes	2,890	2,890
	96,780	131,510
Investments and other assets (note 5)	16,303	19,372
Property, plant and equipment, net of accumulated amortization	409,391	395,727
Timber tenures, net of accumulated depletion	69,312	69,827
Logging roads and bridges, net of accumulated amortization	20,222	20,598
Goodwill and other intangible assets	13,078	13,078
Long-lived assets held for sale	12,041	15,138
	\$ 637,127	\$ 665,250
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness (note 7(a))	\$ 28,634	\$ 30,589
Accounts payable and accrued liabilities	37,404	45,163
Payable to investee company (note 5)	-	3,651
	66,038	79,403
Reforestation liability, net of current portion	17,138	15,685
Long-term debt (note 7(b))	132,237	137,414
Other long-term liabilities	11,919	12,407
Future income taxes	10,869	14,159
Shareholders' equity:		
Share capital (note 8)		
Class A subordinate voting shares	284,500	284,500
Class B common shares	4,080	4,080
Contributed surplus	5,408	5,408
Accumulated other comprehensive income (loss)	5,790	(554)
Retained earnings (note 2)	99,148	112,748
	398,926	406,182
	\$ 637,127	\$ 665,250

Commitments (note 15)

See accompanying notes to consolidated financial statements

On behalf of the Board:

E.L. Sauder
Director

H.C. Kalke
Director

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

For the three months ended March 31, 2009 and 2008 (unaudited)

(thousands of Canadian dollars)	3 Months Mar. 31, 2009	3 Months Mar. 31, 2008 (restated - note 2)
Net loss	\$ (13,600)	\$ (918)
Other comprehensive income:		
Net change in unrealized foreign currency translation gains on translation of self-sustaining foreign subsidiaries	6,344	5,821
Other comprehensive income	6,344	5,821
Comprehensive income (loss)	\$ (7,256)	\$ 4,903

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

For the three months ended March 31, 2009 and 2008 (unaudited)

(thousands of Canadian dollars)	3 Months Mar. 31, 2009	3 Months Mar. 31, 2008 (restated - note 2)
Accumulated other comprehensive loss, beginning of year	\$ (554)	\$ (33,772)
Other comprehensive income	6,344	5,821
Accumulated other comprehensive income (loss), end of period	\$ 5,790	\$ (27,951)

See accompanying notes to consolidated financial statements

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, 2009 and 2008 (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, 2008, except for the new accounting policy adopted subsequent to that date, as discussed in Note 2.

2. Adoption of change in accounting policy:

Effective January 1, 2009, the Company adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets* on a retrospective basis. This section replaces CICA Handbook Section 3062, *Goodwill and Intangible Assets*, and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of various preproduction and start-up costs and requires that these costs be expensed as incurred, with the concurrent withdrawal of CICA Emerging Issues Committee Abstract 27 ("EIC 27").

The Company previously deferred start-up costs on major plant construction to the extent these costs met the criteria under EIC 27 and the site met sustainable production levels defined as the earlier of:

- (a) Seventy percent of production capacity for two consecutive months; or
- (b) Six months

and to a maximum of twenty percent of the total project.

Start-up costs were amortized over five years on a straight-line basis.

The following changes to historical financial statements have been made to reflect the new policy:

	As previously reported	Adjustment	As adjusted
Consolidated Statement of Operations for the three months ended March 31, 2008:			
Amortization of plant and equipment	\$ 5,684	\$ (294)	\$ 5,390
Future income taxes	1,830	120	1,950
Net loss	1,092	(174)	918
Net loss per share, basic and diluted	(0.02)	(0.00)	(0.02)
Consolidated Statement of Retained Earnings for the three months ended March 31, 2008:			
Retained earnings, beginning	170,584	(2,445)	168,139
Retained earnings, ending	169,492	(2,271)	167,221
Consolidated Balance Sheet as at December 31, 2008:			
Property, plant and equipment, net of accumulated amortization	396,387	(660)	395,727
Accumulated other comprehensive loss	539	15	554
Retained earnings, ending	113,393	(645)	112,748
Consolidated Statement of Comprehensive Income for the three months ended March 31, 2008:			
Net loss	1,092	(174)	918
Other comprehensive income	5,834	(13)	5,821
Comprehensive income	4,742	161	4,903
Consolidated Statement of Accumulated Other Comprehensive Income for the three months ended March 31, 2008:			
Accumulated other comprehensive loss, beginning	33,892	(120)	33,772
Accumulated other comprehensive loss, ending	28,058	(107)	27,951

3. Comparative figures:

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

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, 2009 and 2008 (unaudited)

4. 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 the bulk of 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.

5. Payable to investee company:

On December 29, 2008, the Seaboard Limited Partnership ("the Seaboard Partnership"), made an advance to its partners, with the Company's share of the advance being \$3,651,000. The Company signed an unsecured promissory note which was payable on demand on or before January 2, 2009 and was non-interest bearing until January 2, 2009.

On January 2, 2009, the Seaboard Partnership declared an income distribution to its partners, of which the Company's share of \$3,651,000 was received by way of setoff against 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.

6. Inventories:

	Mar. 31, 2009	Dec. 31, 2008
Logs	\$ 36,029	\$ 49,941
Lumber	24,515	22,484
Other	5,622	6,566
	<u>\$ 66,166</u>	<u>\$ 78,991</u>

Inventory expensed in the period includes production costs, amortization of plant and equipment, and depletion and amortization of timber, roads and other. The inventory writedown in order to record inventory at the lower of cost and net realizable value at March 31, 2009 was \$14,130,000 (December 31, 2008 - \$20,270,000).

7. Cash, bank indebtedness and long-term debt:

(a) Bank indebtedness:

	Canadian Operating Facility	U.S. Operating Facility	Total
March 31, 2009			
Available line of credit	\$ 100,000	\$ 12,613	\$ 112,613
Maximum borrowing available	41,183	7,909	49,092
Operating Line drawings	24,793	5,424	30,217
Outstanding letters of credit included in line utilization	5,029	151	5,180
Unused portion of line	11,361	2,334	13,695
December 31, 2008			
Available line of credit	\$ 100,000	\$ 12,180	\$ 112,180
Maximum borrowing available	54,234	7,836	62,070
Operating Line drawings	25,747	6,090	31,837
Outstanding letters of credit included in line utilization	5,105	146	5,251
Unused portion of line	23,382	1,600	24,982

The Operating Line may be drawn in either CAD\$ or US\$ advances, and bears interest at bank prime plus a margin or, at the Company's option, at rates for Bankers' Acceptances or LIBOR based loans plus a margin, and in all cases dependent upon a financial ratio. Borrowing levels under the line are subject to a borrowing base calculation dependent on certain accounts receivable and inventories. The Operating Line is secured by a general security agreement which includes a security interest in all accounts receivable and inventories, charges against timber tenures, and mortgage security on sawmills. The Operating Line is subject to certain financial covenants including a minimum working capital requirement and a maximum ratio of total debt to total capitalization and a minimum net worth calculation. As at March 31, 2009, the Operating Line was drawn by \$24,793,000 (December 31, 2008 - \$25,747,000).

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, 2009 and 2008 (unaudited)

7. Cash, bank indebtedness and long-term debt (continued):

(a) Bank indebtedness (continued):

As at March 31, 2009, the U.S. operating line of credit was drawn by US\$4,300,000 (December 31, 2008 – US\$5,000,000).

Offsetting drawings under the operating lines at March 31, 2009 are cash balances net of outstanding cheques of \$1,583,000 (December 31, 2008 - \$1,248,000).

On April 21, 2009, the Company amended and extended its existing syndicated credit facilities. The existing Canadian operating line of credit ("Operating Line") decreased from \$100,000,000 to \$65,000,000 and the maturity date was extended to April 23, 2010. As part of the amendment, margining availability has been extended to include inventory domiciled in the United States. Except for an increase in pricing and the margining amendment, all other terms and conditions of the line remain substantially unchanged.

As a consequence of the extension of margining coverage, all U.S. working capital will be included in its syndicated operating facility and the US\$10,000,000 U.S. Operating Line will not be extended when it matures on April 24, 2009.

(b) Long-term debt:

The Revolving Term Line may be drawn in either CAD\$ or US\$ advances, and bears interest at bank prime plus a margin or, at the Company's option, at rates for Bankers' Acceptances or LIBOR based loans plus a margin, and in all cases dependent upon a financial ratio. The line matures on April 24, 2011.

As at March 31, 2009, the Revolving Term Line was drawn by US\$30,200,000 (December 31, 2008 – US\$30,200,000) revalued at the quarter-end exchange rate to \$38,091,000 (December 31, 2008 - \$36,784,000), and \$50,000,000 (December 31, 2008 - \$58,000,000) for total drawings of \$88,091,000 (December 31, 2008 - \$94,784,000), leaving an unused available line of \$26,909,000. The Company repaid \$8,000,000 of advances under the Revolving Term Line in the first quarter, 2009. The portion of the line drawn in \$US funds was designated as a hedge against the Company's investment in its self-sustaining U.S. operations effective October 1, 2008 and unrealized foreign exchange losses of \$1,308,000 (March 31, 2008 - \$nil) arising on revaluation of the Non-Revolving Term Line for the quarter ending March 31, 2009 were recognized in Other comprehensive income.

On April 21, 2009, the Company amended and extended its existing syndicated credit facilities. The Company's Revolving Term Line increased from \$115,000,000 to \$150,000,000, with no change to its maturity date of April 24, 2011. Except for an increase in pricing, all other terms and conditions of the line remain substantially unchanged.

The U.S. dollar non-revolving term line (the "Non-Revolving Term Line") remains fully drawn at US\$35,000,000 (December 31, 2008 – US\$35,000,000) and was revalued at the quarter-end exchange rate to \$44,146,000 (December 31, 2008 - \$42,630,000). The Non-Revolving Term Line bears interest at rates based on bank prime plus a margin or, at the Company's option, at rates for LIBOR based loans plus a margin, in all cases depending upon a financial ratio and matures on September 1, 2010. The foreign exchange loss of \$1,516,000 arising on revaluation of the Non-Revolving Term Line at March 31, 2009 (March 31, 2008 - \$1,058,000 loss) was recognized in Other foreign exchange gain (loss) on the Statement of Operations.

Both of the term lines are secured by a general security agreement which includes a security interest in all accounts receivable and inventories, charges against timber tenures, and mortgage security on sawmills. The term lines are subject to certain financial covenants including a minimum working capital requirement and a maximum ratio of total debt to total capitalization and a minimum net worth calculation.

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

March 31, 2010	\$	-
March 31, 2011		44,146
March 31, 2012		88,091
March 31, 2013		-
March 31, 2014		-
	\$	132,237

8. Share capital:

On January 3, 2008, the Company commenced a normal course issuer bid ("NCIB 06") to acquire up to 1,300,000 Class A Subordinate Voting shares ("Class A Shares"). NCIB 06 terminated on January 7, 2009 with no share purchases.

9. Other income:

	3 Months Mar. 31, 2009	3 Months Mar. 31, 2008
Gain on disposal of surplus property, plant and equipment	\$ 651	\$ 28
Other (expense)	(4)	(21)
	\$ 647	\$ 7

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, 2009 and 2008 (unaudited)

9. Other income (continued):

In the first quarter of 2009, the Company disposed of surplus property and buildings in Maple Ridge, B.C., previously classified as held for sale. This disposition, combined with other sales of surplus equipment, generated proceeds of \$4,384,000 and a gain of \$651,000.

In the first quarter of 2008, the Company disposed of surplus equipment, generating a gain of \$28,000.

10. Restructuring costs:

During the first quarter of 2009, the Company recorded severance costs of \$1,073,000 as it downsized its workforce in response to reduced operating rates.

During the first quarter of 2008, the Company recorded severance costs of \$2,240,000, as it permanently closed its Albion remanufacturing operation located in Maple Ridge, B.C., and also offered voluntary severance to hourly workers at its idled Queensboro sawmill located in New Westminster, B.C.

11. Net earnings (loss) per share:

	3 Months Mar. 31, 2009			3 Months Mar. 31, 2008		
	Net loss	Shares	Per share	Net loss	Shares	Per share
Basic loss per share	\$ (13,600)	47,117	\$ (0.29)	\$ (918)	47,105	\$ (0.02)
Share options	-	-	-	-	219*	-
Diluted loss per share	\$ (13,600)	47,117	\$ (0.29)	\$ (918)	47,105*	\$ (0.02)

*Where the addition of share options to the total shares outstanding has an anti-dilutive impact on the diluted earnings (loss) per share calculation, those share options have not been included in the total shares outstanding for purposes of the calculation of diluted earnings (loss) per share.

12. 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 U.S. Pacific Northwest, U.S.A.

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

	3 Months Mar. 31, 2009	3 Months Mar. 31, 2008
Canada	\$ 20,467	\$ 50,711
United States	34,622	36,772
Japan	11,383	9,141
Other export	10,805	17,750
	\$ 77,277	\$ 114,374

Sales by product line are as follows:

	3 Months Mar. 31, 2009	3 Months Mar. 31, 2008
Lumber	\$ 56,443	\$ 76,234
Logs	12,823	30,883
Wood chips and other by products	7,367	5,510
Other	644	1,747
	\$ 77,277	\$ 114,374

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

	Mar. 31, 2009	Dec. 31, 2008
Canada	\$ 323,052	\$ 317,141
United States	200,992	197,227
	\$ 524,044	\$ 514,368

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, 2009 and 2008 (unaudited)

13. Employee future benefits:

The total benefits cost under its various pension, retirement savings and other post-retirement benefit plans (described in the Company's audited annual consolidated financial statements) are as follows:

	3 Months Mar. 31, 2009	3 Months Mar. 31, 2008
Canadian employees' deferred profit sharing plan	\$ 317	\$ 324
Defined benefit plan	112	21
Unionized employees' pension plan	282	411
Post-retirement benefits plan	18	-
U.S. employees' 401(k) plan	159	122
Senior management supplementary pension plan	124	120
Total pension expense	\$ 1,012	\$ 998

14. 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 counterparties are the Company's Canadian bankers, which are highly rated.

As at March 31, 2009, the Company has outstanding obligations to sell a maximum of US\$3,000,000 at an average rate of US\$1.2634 to the CAD\$1.00, buy a maximum of US\$15,000,000 at an average rate of US\$1.2615 to the CAD\$1.00, sell Japanese ¥18,219,081 at an average rate of ¥75.26 to the CAD\$1.00, and Japanese ¥85,500,000 at an average rate of ¥91.28 to the USD\$1.00, during 2009. All foreign currency gains or losses to March 31, 2009 have been recognized in the Statement of Operations and the fair value of these foreign currency contracts of \$37,000 has been recorded in accounts receivable (December 31, 2008 - \$113,000 fair value recorded in accounts payable and accrued liabilities).

During September 2005, the Company entered into a cross currency interest rate swap. The Company has agreed to receive US\$20,000,000 at maturity on September 1, 2009 in exchange for payment of CAD\$23,530,000 (an exchange rate of 1.1765). In addition, during the term of the swap the Company will pay an amount based on annual interest of 5.84% on the CAD\$23,530,000 and will 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 on the swap recognized in the Statement of Operations and total foreign exchange gains of \$960,000 recognized in the first quarter of 2009 (March 31, 2008 - \$181,000 gain). The fair value of this cross currency interest rate swap is \$1,368,000 at March 31, 2009 and has been recorded in accounts receivable (December 31, 2008 - \$409,000 fair value recorded in accounts receivable).

15. Commitments:

- The Company has undertaken obligations under various contracts totalling \$1,640,000 as at March 31, 2009, relating to construction of a new sawmill at its Adams Lake operation in the southern B.C. Interior. These amounts are expected to be paid over the next few months, as the sawmill construction is completed.
- The Company entered into an agreement with Port Metro Vancouver ("the Port") for the sale of its former Queensboro mill site for \$30,100,000. The agreement is subject to the Port obtaining final approval from the Minister of Transport, Canada. The transaction is expected to close in the third quarter, 2009. The site is currently classified as held for sale.



International Forest Products Limited
P.O. Box 49114, Four Bentall Centre
3500 – 1055 Dunsmuir Street
Vancouver, B.C. Canada V7X 1H7
Telephone: (604) 689-6800 Fax: (604) 688-0313

Contact: John Horning, Senior Vice-President and Chief Financial Officer
and Corporate Secretary
Web Site: www.interfor.com