International Forest Products Limited

Vancouver, B.C. February 11, 2010

Interfor's Results Continue to Improve

Higher operating rates and sales activity boost results;
Market tone has improved but uncertainty remains

INTERNATIONAL FOREST PRODUCTS LIMITED ("Interfor" or the "Company") (TSX: IFP.A) reported a net loss of $5.0 million or $0.11 per share in the fourth quarter of 2009. Excluding one-time items, the loss for the fourth quarter of 2009 was $5.4 million or $0.11 per share compared to a net loss of $7.4 million or $0.16 per share in the third quarter of 2009. On the same basis, the Company reported a net loss of $3.7 million or $0.08 per share in the fourth quarter of 2008.

Included in the results for the fourth quarter was a provision of $1.5 million ($1.1 million or $0.02 per share after tax) relating to long-term incentive compensation. Similar costs expensed in the third quarter amounted to $0.7 million ($0.5 million or $0.01 per share); in the fourth quarter last year the Company recorded a recovery of $0.9 million ($0.6 million or $0.01 per share after tax).

EBITDA for the quarter (adjusted to exclude "other income") was positive at $5.7 million compared to $3.6 million in the third quarter and $1.7 million in the fourth quarter of 2008.

"Higher operating rates and sales activity were the key factors underlying the improvement in our results", said Duncan Davies, Interfor's President and Chief Executive Officer.

"Production at the new Adams Lake sawmill continues to ramp up nicely", said Davies, "and the Grand Forks mill, which resumed operations in October, made a strong contribution as well. Our U.S. mills also performed well in the quarter, with production up more than 10% compared to the preceding quarter."

The trends in product pricing were mixed in the fourth quarter. SPF 2X4 gained US$14 or 7% quarter-over-quarter as low in-market inventories and increased volumes to China and other offshore markets served to tighten demand/supply balances.

Cedar – which is an important product line for Interfor – continued to adjust downward in the quarter, while pricing in Japan was stable.

Adding to the challenge was the rising value and volatility of the C$, which averaged US$0.946 in the quarter versus US$0.911 in the third quarter, and traded between US$0.912 and US$0.976.

Lumber production totalled 245 million board feet in the quarter (or the equivalent of 62% of rated capacity) compared to 180 million board feet in the third quarter, with Adams Lake and Grand Forks accounting for most of the increase. In the fourth quarter of 2008, production amounted to 118 million board feet.

Log production at the Company's Canadian operations was 533,000 m^3 in the fourth quarter compared to 378,000 m^3 in the third quarter and 290,000 m^3 in the fourth quarter last year. In the U.S., log procurement was matched against mill consumption. U.S. log prices continued to firm in the quarter.

Lumber sales, including wholesale volumes, totalled 234 million board feet compared with 181 million board feet in the third quarter and 133 million board feet in the fourth quarter of 2008.

In the quarter Interfor used $12.7 million in cash after working capital changes reflecting primarily the increase in accounts receivable and inventories associated with the Company's increased activity level. Capital spending amounted to $4.0 million, primarily for road construction. Net debt ended the quarter at $140.7 million or 28% of invested capital versus $128.6 million or 26% at the end of the third quarter and $167.8 million or 29% at the end of the fourth quarter of 2008.

Positive signs are beginning to emerge in the U.S. and offshore, laying a foundation for better market conditions in 2010. In the U.S., the pace of housing sales has improved, the inventory of unsold homes has dropped and housing prices are showing signs of stabilizing. Housing starts have also improved, but remain at historically depressed levels.

Most significantly, increased demand from China and other offshore markets has improved demand/supply balances in North America leading to higher prices on most commodity items.

All things considered, however, the near-term outlook remains uncertain. The economic recovery is fragile at best and employment has been slow to recover. More significantly, the number of homes in the foreclosure process represents a material overhang of potential inventory which needs to be addressed before a meaningful increase in new house construction or product demand can be achieved.

In the face of this uncertainty, Interfor will continue to balance operating rates against sales activity, with a clear priority on managing for cash and realizing on the benefits of recent strategic activities and investments. In that regard, operating rates will likely be similar to those achieved in the fourth quarter. Discretionary capital spending will remain curtailed for the time-being.

At December 31, the Company had unused credit available in excess of $100 million. Subsequent to year-end, the Company announced an extension and modification to its bank facilities which increased the amount of unused credit available to more than $115 million which the Company feels is sufficient to meet its foreseeable 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 2008 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, February 12, 2010 at 8:00 AM (Pacific Time) hosted by **INTERNATIONAL FOREST PRODUCTS LIMITED** for the purpose of reviewing the Company's release of its Fourth Quarter, 2009 Financial Results.

The dial-in number is ***1-866-323-8540***. The conference call will also be recorded for those unable to join in for the live discussion, and will be available until February 26, 2010. The number to call is ***1-866-245-6755 Passcode 934592***.

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

SELECTED QUARTERLY FINANCIAL INFORMATION [1]

Quarterly Earnings Summary	2009				2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	(millions of dollars except share and per share amounts)							
Sales – Lumber	93.1	76.8	62.3	56.5	65.6	73.4	82.2	76.2
– Logs	17.3	17.3	13.0	12.8	18.3	28.8	25.7	30.9
– Wood chips and other by-products	12.2	8.9	5.9	7.4	8.8	8.9	7.4	5.5
– Other	2.9	2.2	0.6	0.6	0.8	0.9	2.1	1.8
Total Sales	125.5	105.2	81.8	77.3	93.5	112.0	117.4	114.4
Operating loss before restructuring costs and asset write-downs	(7.8)	(7.0)	(16.4)	(15.2)	(8.1)	(12.8)	(11.7)	(1.0)
Operating loss	(7.8)	(10.4)	(16.3)	(16.3)	(8.9)	(14.1)	(42.2)	(3.2)
Net earnings (loss)	(5.0)	9.7	(15.0)	(13.6)	(18.7)	(8.1)	(27.7)	(0.9)
Net earnings (loss) per share – basic and diluted	(0.11)	0.21	(0.32)	(0.29)	(0.40)	(0.17)	(0.59)	(0.02)
EBITDA[5]	6.3	25.3	(7.3)	(7.7)	2.0	0.7	2.5	8.5
Cash flow from operations per share[2]	0.06	(0.07)	(0.23)	(0.22)	0.12	0.06	(0.06)	0.22
Shares outstanding – end of period (millions)[3]	47.1	47.1	47.1	47.1	47.1	47.1	47.1	47.1
– weighted average (millions)	47.1	47.1	47.1	47.1	47.1	47.1	47.1	47.1
Adjusted EBITDA[5]	5.7	3.6	(7.3)	(8.4)	1.7	0.1	1.9	8.5
Closing foreign exchange rate, per $1.00 US[4]	1.051	1.071	1.163	1.261	1.218	1.064	1.011	1.022

1 Tables may not add due to rounding.

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

3 As at February 11, 2010, the numbers 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.

4 Accounting quarter-end dates may differ slightly from the reporting date. As such, the foreign exchange rate used to revalue quarter-end balances may differ from the Bank of Canada closing foreign exchange rate as at the reporting date.

5 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. Adjusted EBITDA represents EBITDA adjusted for other income. EBITDA and Adjusted EBITDA can be calculated from the statements of operations as follows:

	2009				2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	(millions of dollars)							
Net earnings (loss)	(5.0)	9.7	(15.0)	(13.6)	(18.7)	(8.1)	(27.7)	(0.9)
Add: Income taxes (recovery)	(3.3)	0.1	(3.6)	(3.1)	10.4	(5.2)	(13.9)	(2.4)
Interest expense	2.0	2.2	2.0	1.6	2.5	1.5	0.8	0.4
Depletion and amortization	12.5	9.9	9.5	6.3	7.8	11.3	13.0	8.8
Other foreign exchange (gains) losses	0.1	-	(0.1)	-	(0.9)	-	(0.4)	0.4
Restructuring costs, asset write-downs and other	0.1	3.3	(0.1)	1.1	0.8	1.3	30.6	2.2
EBITDA	6.3	25.3	(7.3)	(7.7)	2.0	0.7	2.5	8.5
Deduct:								
Other income	0.6	21.7	-	0.6	0.3	0.6	0.6	-
Adjusted EBITDA	5.7	3.6	(7.3)	(8.4)	1.7	0.1	1.9	8.5

Volume and Price Statistics

		2009				2008			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Lumber sales	(million fbm)	234	181	131	122	133	132	125	113
Lumber production	(million fbm)	245	180	115	121	118	148	128	104
Log sales[1]	(thousand cubic metres)	261	242	216	200	236	372	312	399
Log production[1]	(thousand cubic metres)	533	378	312	72	290	501	679	411
Average selling price – lumber[2]	($/thousand fbm)	$398	$424	$477	$462	$494	$555	$658	$672
Average selling price – logs[1]	($/cubic metre)	$62	$69	$56	$54	$69	$70	$79	$75
Average selling price – pulp chips	($/thousand fbm)	$39	$38	$40	$46	$58	$48	$47	$41

1 B.C. operations

2 Gross sales before duties and export taxes

Quarter 4, 2009 Compared to Quarter 4, 2008

Overview

The Company recorded a net loss of $5.0 million, or $0.11 per share, for the fourth quarter of 2009 as compared to a net loss of $18.7 million, or $0.40 per share in the fourth quarter of 2008 and which included a non-cash valuation allowance of $15.2 million relating to future income tax assets.

EBITDA and Adjusted EBITDA for the fourth quarter of 2009 were $6.3 million and $5.7 million, respectively, compared to $2.0 million and $1.7 million, for the comparative quarter in 2008.

The operating loss in the fourth quarter of 2009 reflects continued poor U.S. housing starts resulting in low lumber and log sales volumes and prices.

U.S. housing starts remained at historically low levels with average U.S. housing starts for the fourth quarter, 2009 at 554,000 units, down from 658,000 units in the comparable period, 2008. Some price stability was generated by continued industry curtailments with year-to-date highs in lumber prices reached in December 2009 at an average price of SPF 2x4 #2&Btr at US$218 per mfbm, significantly higher than the price of US$167 in December 2008. The positive impact of the rising price, however, was offset by the strengthened Canadian dollar which, relative to its U.S. counterpart, closed 2009 at CAD$1.051 compared to the December 31, 2008 close at CAD$1.218.

The Company continued to monitor and adjust production levels in all operations to match product demand and control inventory levels.

The new Adams Lake sawmill continued its impressive ramp-up, averaging in excess of 110% of pro forma production volume on a per hour basis. The mill's operating schedule was increased from 64 hours to 80 hours per week in the fourth quarter, 2009.

Sales

Compared to the same quarter of 2008, lumber shipments were up 76.5% or 101 million board feet for the fourth quarter of 2009, reflecting additional volumes resulting from the commencement of full operations at the new Adams Lake sawmill, new wholesale programs in 2009, and higher operating rates overall. Unit lumber sales values over the same period were down $97 per mfbm as the average sales values for cedar products fell, the sales mix was weighted less heavily toward higher value cedar, and the Canadian dollar strengthened. Compared to the average of the fourth quarter of 2008, the Canadian dollar appreciated 15 cents relative to its U.S. counterpart.

Log sales increased by 25,000 m^3 with the average sales value declining $7 per m^3 in the fourth quarter, 2009 vis-à-vis its comparative in 2008. The fourth quarter of 2008 saw a dramatic decline in demand from lumber and pulp producers in response to the decline in the global economy. External demand for logs continued to be relatively weak in the fourth quarter, 2009.

Fourth quarter, 2009, pulp chip and other by-product revenues increased by $3.3 million, or 37.4%, compared to the same quarter of 2008 with chip sales volumes slightly more than double the volumes in the same period of 2008. The increase corresponds almost directly with the increase in sawmill operating rates for the fourth quarter, 2009, as compared to the same period, 2008. Average chip prices were down by 32.8% reflecting reduced global demand for pulp.

Operating Costs

Production costs for the fourth quarter of 2009 increased $23.3 million, or 25.6% compared to the same period in 2008. Production costs in the fourth quarter, 2008, were low as a result of significant market related curtailments in manufacturing and logging, and the curtailment of the Adams Lake sawmill. In the fourth quarter, 2009, slightly improved demand and North American structural lumber prices, and a significantly lower cost structure at the new Adams Lake sawmill resulted in an increase in operating rates and production costs as compared to 2008. Lumber production rose by 127 million board feet, or 108.1%, as compared to the fourth quarter, 2008 and logging increased by 243,000 m3 or 83.9%. Unit cash conversion costs declined by 38.9%, primarily as a result of increased operating efficiencies, lower log costs and production increases, particularly at the new Adams Lake sawmill.

The Canada/U.S. lumber export tax remained at 15% through the fourth quarter of 2009. Export taxes increased by $1.2 million over the fourth quarter, 2008, due to increased shipments from Canada to the U.S. markets. In addition, the fourth quarter, 2008, included $0.5 million for a refund of export taxes received pursuant to provisions under the *Export Charge Act.*

The Company recorded a LTIC expense of $1.5 million for the fourth quarter of 2009 (2008 – LTIC recovery of $0.9 million), reflecting the rise in the Company's share price over the period.

Amortization and depletion expense for the fourth quarter of 2009 increased by $4.7 million compared to the fourth quarter of 2008 due to the impact of higher operating rates.

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

Fourth quarter, 2009, interest expense decreased by $0.5 million compared to the fourth quarter, 2008. The additional interest expense from the rise in the Company's average debt level in 2009 was offset by a stronger Canadian dollar and lower overall lending rates in the fourth quarter, 2009, compared to the same period in 2008.

The Company recorded a foreign exchange loss of $0.1 million for the three months ended December 31, 2009, in contrast to a gain of $0.9 million for the fourth quarter of 2008. Reduced shipment volumes and the volatility of the Canadian dollar resulted in a decline in equity income of $1.0 million in the fourth quarter, 2009, as compared to the fourth quarter, 2008.

Income Taxes

In the fourth quarter of 2008, the Company recorded income tax expense of $10.4 million, comprised of a tax recovery of $4.8 million offset by the non-cash valuation allowance of $15.2 million taken against future income tax assets. The Company continued to take a valuation allowance against certain future income tax assets through 2009, which decreased its income tax recovery by $1.0 million in the fourth quarter of 2009.

Cash Flow

Cash used by the Company in operations, after changes in working capital, was $12.7 million for the fourth quarter of 2009, compared to cash used of $2.6 million for the fourth quarter of 2008. The increase in cash used for inventory build-up and increased accounts receivable partially offset by a rise in accounts payable was the result of the higher operating rates in the fourth quarter of 2009.

In light of the global economic downturn and focus on cash, discretionary capital expenditures continued to be severely curtailed. Capital expenditures for the fourth quarter of 2009 totaled $4.0 million, primarily for road construction. Capital expenditures for the fourth quarter of 2008 totaled $31.0 million, primarily for construction of the new Adams Lake sawmill, roads and the preparation of the former Queensboro sawmill site for sale.

In the fourth quarter, 2009, the Company received a $3.1 million advance from Seaboard, which it used together with drawings of $15.0 million on its Revolving Term Line to fund cash used in operations and priority capital expenditures.

The Company had cash and deposits at December 31, 2009 totaling $3.8 million, working capital of $61.3 million, and total debt of $147.6 million.

CONSOLIDATED STATEMENTS OF OPERATIONS

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

(thousands of Canadian dollars except earnings per share)	3 Months Dec. 31, 2009	3 Months Dec. 31, 2008	Year Dec. 31, 2009	Year Dec. 31, 2008
		(restated- note 2(a))		(restated- note 2(a))
Sales	$ 125,504	$ 93,490	$ 389,775	$ 437,221
Costs and expenses:				
Production	113,998	90,746	374,488	411,479
Selling and administration	3,762	3,554	16,445	16,867
Long term incentive compensation expense (recovery)	1,504	(909)	3,211	(1,990)
Export taxes	1,485	319	3,903	3,433
Amortization of plant and equipment	7,549	4,434	24,838	21,335
Depletion and amortization of timber, roads and other	4,977	3,412	13,340	19,619
	133,275	101,556	436,225	470,743
Operating loss before restructuring costs	(7,771)	(8,066)	(46,450)	(33,522)
Restructuring costs and asset write-downs (note 10)	(55)	(787)	(4,367)	(34,888)
Operating loss	(7,826)	(8,853)	(50,817)	(68,410)
Interest expense on long-term debt	(1,769)	(2,001)	(6,442)	(4,543)
Other interest expense	(232)	(463)	(1,401)	(588)
Other foreign exchange gain (loss)	(77)	884	37	912
Other income (note 9)	613	255	22,965	1,418
Equity in earnings of investee company	947	1,925	1,885	4,825
	(518)	600	17,044	2,024
Loss before income taxes	(8,344)	(8,253)	(33,773)	(66,386)
Income taxes (recovery):				
Current	(207)	(5,677)	(183)	(18,533)
Future	(3,103)	16,120	(9,703)	7,538
	(3,310)	10,443	(9,886)	(10,995)
Net loss	$ (5,034)	$ (18,696)	$ (23,887)	$ (55,391)
Net loss per share, basic and diluted (note 11)	$ (0.11)	$ (0.40)	$ (0.51)	$ (1.18)

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

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

(thousands of Canadian dollars)	3 Months Dec. 31, 2009	3 Months Dec. 31, 2008	Year Dec. 31, 2009	Year Dec. 31, 2008
		(restated - note 2(a))		(restated - note 2(a))
Retained earnings, beginning of period	$ 93,895	$ 131,444	$ 112,748	$ 168,139
Net loss	(5,034)	(18,696)	(23,887)	(55,391)
Retained earnings, end of period	$ 88,861	$ 112,748	$ 88,861	$ 112,748

See accompanying notes to consolidated financial statements

INTERFOR

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months and years ended Dec. 31, 2009 and 2008 (unaudited)

(thousands of Canadian dollars)	3 Months Dec. 31, 2009	3 Months Dec. 31, 2008	Year Dec. 31, 2009	Year Dec. 31, 2008
		(restated- note 2(a))		(restated- note 2(a))
Cash provided by (used in):				
Operating activities:				
Net loss	$ (5,034)	$ (18,696)	$ (23,887)	$ (55,391)
Items not involving cash:				
Amortization of plant and equipment	7,549	4,434	24,838	21,335
Depletion and amortization of timber, roads and other	4,977	3,412	13,340	19,619
Future income taxes (recovery)	(3,103)	16,120	(9,703)	7,538
Other assets	682	(586)	759	(544)
Reforestation liability	(1,574)	(669)	(961)	(4,421)
Other long-term liabilities	2,183	(986)	2,909	(1,678)
Equity in earnings of investee company	(947)	(1,925)	(1,885)	(4,825)
Write-down of plant and equipment (note 10)	-	434	3,067	29,010
Unrealized foreign exchange loss (gain) and other non-cash items	(1,205)	1,390	(6,969)	3,941
Other (note 9)	(732)	(292)	(23,089)	(1,541)
	2,796	2,636	(21,581)	13,043
Cash generated from (used in) operating working capital:				
Accounts receivable	(10,408)	7,334	(8,580)	13,335
Inventories	(8,162)	12,306	16,882	12,025
Prepaid expenses	(257)	1,191	(625)	(117)
Accounts payable and accrued liabilities	3,569	(18,728)	2,702	(16,358)
Income taxes	(207)	(7,333)	15,976	(8,187)
	(12,669)	(2,594)	4,774	13,741
Investing activities:				
Additions to property, plant and equipment	(461)	(27,554)	(20,781)	(73,364)
Additions to logging roads and timber	(3,573)	(3,448)	(6,811)	(17,512)
Proceeds on disposal of property, equipment, timber and roads	326	3,121	36,985	5,096
Acquisitions	-	7,010	-	(76,919)
Deposit held in escrow for acquisition	-	-	-	8,943
Investments and other assets	(76)	(384)	(942)	(2,116)
	(3,784)	(21,255)	8,451	(155,872)
Financing activities:				
Issuance of share capital	-	-	-	56
Increase (decrease) in bank indebtedness, net	(23)	25,191	(30,589)	30,589
Proceeds from loan from Seaboard (note 5)	3,096	3,651	3,096	3,651
Additions to long-term debt (note 7(b))	15,000	5,000	59,000	139,064
Repayments of long-term debt (note 7(b))	-	(10,000)	(41,000)	(48,925)
	18,073	23,842	(9,493)	124,435
Foreign exchange gain (loss) on cash and cash equivalents held in a foreign currency	(3)	191	(114)	85
Increase (decrease) in cash and cash equivalents	1,617	184	3,618	(17,611)
Cash and cash equivalents, beginning of period	2,185	-	184	17,795
Cash and cash equivalents, end of period	$ 3,802	$ 184	$ 3,802	$ 184
Supplementary disclosures				
Cash interest paid	$ 2,001	$ 2,464	$ 7,843	$ 5,131
Cash income taxes received	24	123	16,179	12,330

See accompanying notes to consolidated financial statements

CONSOLIDATED BALANCE SHEETS
December 31, 2009 (unaudited) and December 31, 2008 (audited)

(thousands of Canadian dollars)	Dec. 31, 2009	Dec. 31, 2008 (restated - note 2(a))
Assets		
Current assets:		
Cash and cash equivalents	$ 3,802	$ 184
Accounts receivable	32,951	25,441
Income taxes recoverable	230	16,225
Inventories (note 6)	60,159	78,991
Prepaid expenses	7,777	7,779
Future income taxes	2,974	2,890
	107,893	131,510
Investments and other assets (note 5)	17,060	19,372
Property, plant and equipment, net of accumulated amortization	357,501	395,727
Timber tenures, net of accumulated depletion	67,010	69,827
Logging roads and bridges, net of accumulated amortization	16,485	20,598
Goodwill and other intangible assets	13,078	13,078
Long-lived assets held for sale	3,424	15,138
	$ 582,451	$ 665,250
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness (note 7(a))	$ -	$ 30,589
Accounts payable and accrued liabilities	43,510	45,163
Payable to investee company (note 5)	3,096	3,651
	46,606	79,403
Reforestation liability, net of current portion	14,724	15,685
Long-term debt (note 7(b))	144,525	137,414
Other long-term liabilities	15,316	12,407
Future income taxes	3,286	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)	(24,855)	(554)
Retained earnings (note 2(a))	88,861	112,748
	357,994	406,182
	$ 582,451	$ 665,250

Commitment and contingency (note 15)

See accompanying notes to consolidated financial statements

On behalf of the Board:

E.L. Sauder
Director

G.H. MacDougall
Director

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

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

(thousands of Canadian dollars)	3 Months Dec. 31, 2009	3 Months Dec. 31, 2008	Year Dec. 31, 2009	Year Dec. 31, 2008
		(restated - note 2(a))		(restated - note 2(a))
Net loss	$ (5,034)	$ (18,696)	$ (23,887)	$ (55,391)
Other comprehensive income (loss):				
Net change in unrealized foreign currency translation gains (losses) on translation of self-sustaining foreign subsidiaries	(2,593)	20,738	(24,301)	33,218
Other comprehensive income (loss)	(2,593)	20,738	(24,301)	33,218
Comprehensive income (loss)	$ (7,627)	$ 2,042	$ (48,188)	$ (22,173)

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

(thousands of Canadian dollars)	3 Months Dec. 31, 2009	3 Months Dec. 31, 2008	Year Ended Dec. 31, 2009	Year Ended Dec. 31, 2008
		(restated - note 2(a))		(restated - note 2(a))
Accumulated other comprehensive loss, beginning of period	$ (22,262)	$ (21,292)	$ (554)	$ (33,772)
Other comprehensive income (loss)	(2,593)	20,738	(24,301)	33,218
Accumulated other comprehensive loss, end of period	$ (24,855)	$ (554)	$ (24,855)	$ (554)

See accompanying notes to consolidated financial statements

(Tabular amounts expressed in thousands except per share amounts)

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 changes in accounting policies:

Effective January 1, 2009, the Company adopted two new Canadian Institute of Chartered Accountants ("CICA") accounting standards. The main requirements of these new standards are described below.

(a) Goodwill and Intangible Assets:

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:

(i) Seventy percent of production capacity for two consecutive months; or
(ii) 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 December 31, 2008:			
Amortization of plant and equipment	$ 4,484	$ (50)	$ 4,434
Restructuring costs	787	-	787
Future income tax expense	15,904	216	16,120
Net loss	(18,530)	(166)	(18,696)
Net loss per share, basic and diluted	(0.39)	(0.01)	(0.40)
Consolidated Statement of Operations for the year ended December 31, 2008:			
Amortization of plant and equipment	21,846	(511)	$ 21,335
Restructuring costs	37,305	(2,417)	34,888
Future income tax expense	6,410	1,128	7,538
Net loss	(57,191)	1,800	(55,391)
Net loss per share, basic and diluted	(1.21)	0.03	(1.18)
Consolidated Statement of Retained Earnings for the three months ended December 31, 2008:			
Retained earnings, beginning	131,923	(479)	131,444
Retained earnings, ending	113,393	(645)	112,748
Consolidated Statement of Retained Earnings for the year ended December 31, 2008:			
Retained earnings, beginning	170,584	(2,445)	168,139
Retained earnings, ending	113,393	(645)	112,748
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 December 31, 2008:			
Net loss	(18,530)	(166)	(18,696)
Other comprehensive income	20,845	(107)	20,738
Comprehensive income (loss)	2,315	(273)	2,042

(Tabular amounts expressed in thousands except per share amounts)

2. Adoption of changes in accounting policies (continued):

(a) Goodwill and Intangible Assets (continued):

	As previously reported	Adjustment	As adjusted
Consolidated Statement of Comprehensive Income for the year ended December 31, 2008:			
Net loss	(57,191)	1,800	(55,391)
Other comprehensive income	33,353	(135)	33,218
Comprehensive income (loss)	(23,838)	1,665	(22,173)
Accumulated Other Comprehensive Income for the three months ended December 31, 2008:			
Accumulated other comprehensive loss, beginning	$ (21,384)	$ 92	$ (21,292)
Other comprehensive income	20,845	(107)	20,738
Accumulated other comprehensive loss, ending	(539)	(15)	(554)
Consolidated Statement of Accumulated Other Comprehensive Income for the year ended December 31, 2008:			
Accumulated other comprehensive loss, beginning	(33,892)	120	(33,772)
Other comprehensive income	33,353	(135)	33,218
Accumulated other comprehensive loss, ending	(539)	(15)	(554)

(b) Financial instruments disclosure:

Handbook Section 3862, Financial Instruments - Disclosures establishes revised standards for the disclosure of financial instruments. The new standard establishes a three-tier hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

- Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or
- Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

Changes in valuation methods may result in transfers into or out of an investment's assigned level.

This additional disclosure has been provided in note 14.

3. Comparative figures:

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

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, 2009, the Seaboard Limited Partnership ("the Seaboard Partnership"), made an advance to its partners, with Interfor's share of the advance being $3,096,000. The Company signed an unsecured promissory note which is payable on demand on or before January 4, 2010 and is non-interest bearing until January 4, 2010 and bears interest at the rate of 4% per annum thereafter.

This advance was subsequently repaid (see Subsequent events, note 16(a)).

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.

(Tabular amounts expressed in thousands except per share amounts)

6. Inventories:

	Dec. 31, 2009	Dec. 31, 2008
Logs	$ 31,011	$ 51,158
Lumber	24,301	22,484
Other	4,847	5,349
	$ 60,159	$ 78,991

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 December 31, 2009 was $9,578,000 (December 31, 2008 - $20,270,000).

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

(a) Bank indebtedness:

December 31, 2009	Canadian Operating Facility	U.S. Operating Facility	Total
Available line of credit	$ 65,000	$ -	$ 65,000
Maximum borrowing available	61,926	-	61,926
Operating Line drawings	-	-	-
Outstanding letters of credit included in line utilization	4,997	-	4,997
Unused portion of line	56,929	-	56,929
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

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 was 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 remained substantially unchanged.

As a consequence of the extension of margining coverage, all U.S. working capital is included in its syndicated operating facility and the US$10,000,000 U.S. operating facility was not extended when it matured on April 24, 2009 and all outstanding drawings were repaid. As at December 31, 2008, the U.S. operating line of credit was drawn by US$5,000,000.

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 December 31, 2009, there were no drawings under the Operating Line (December 31, 2008 - $25,747,000).

Offsetting drawings under the operating lines at December 31, 2008 are cash balances net of outstanding cheques of $1,248,000.

On December 14, 2009, the Company received a financing commitment with respect to its Operating Line from its lenders, details of which are described in note 16(b).

(b) Long-term debt:

On April 21, 2009, the Company amended and extended its existing syndicated credit facilities. The Company's revolving term line of credit ("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 remained substantially unchanged.

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.

(Tabular amounts expressed in thousands except per share amounts)

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

(b) Long-term debt (continued):

As at December 31, 2009, the Revolving Term Line was drawn by US$30,200,000 (December 31, 2008 – US$30,200,000) revalued at the year-end exchange rate to $31,740,000 (December 31, 2008 - $36,784,000), and $76,000,000 (December 31, 2008 - $58,000,000) for total drawings of $107,740,000 (December 31, 2008 - $94,784,000), leaving an unused available line of $42,260,000. The Company repaid $8,000,000 of advances under the Revolving Term Line in the first quarter, 2009, drew $10,000,000 in the second quarter, 2009, drew $1,000,000, net of repayments, in the third quarter, 2009, and drew $15,000,000 in the fourth quarter. 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 gains of $5,043,000 (December 31, 2008 - $4,645,000 loss) arising on revaluation of the Non-Revolving Term Line for the year ending December 31, 2009 were recognized in Other comprehensive income.

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 year-end exchange rate to $36,785,000 (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 gain of $5,845,000 arising on revaluation of the Non-Revolving Term Line for the year ended December 31, 2009 (December 31, 2008 - $7,934,000 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.

On December 14, 2009, the Company received a financing commitment with respect to its Revolving Term Line from its lenders extending and modifying its syndicated credit facilities effective January 15, 2010 (see Subsequent events, note 16(b)). In conjunction with the amendments to its credit facilities, the Company drew on its new Revolving Term Line, being a long-term facility, and repaid and cancelled its existing Non-Revolving Term Line of US$35,000,000 on January 15, 2010. Accordingly, the Non-Revolving Term Line has been classified as long-term.

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

2010	$	36,785[1]
2011		107,740[1]
2012		-
2013		-
2014		-
	$	144,525

[1] The long-term debt was refinanced on January 15, 2010, and maturity dates were extended (see Subsequent events, note 16(b) for further details).

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 Dec. 31, 2009	3 Months Dec. 31, 2008	Year Dec. 31, 2009	Year Dec. 31, 2008
Gain on disposal of surplus property, plant and equipment, and investment	$ 732	$ 76	$ 22,085	$ 794
Gain on settlement of timber takeback	-	216	1,004	747
Other expense	(119)	(37)	(124)	(123)
	$ 613	$ 255	$ 22,965	$ 1,418

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 minor sales of surplus equipment in the first and second quarters, generated proceeds of $4,584,000 and a gain of $634,000.

In the third quarter, 2009, the Company completed the sale of its former Queensboro mill site, located in New Westminster, B.C. and its remaining surplus equipment, yielding net proceeds of $29,987,000 and a gain of $ $20,715,000. In addition, the Company received $2,000,000 as an advance of compensation under the *Forest Act* for timber, roads and bridges resulting from the 2006 legislated takeback of certain logging rights on the B.C. Coast, and recorded a gain of $1,004,000 (see also note 15(b)). Other minor sales of surplus equipment in the third quarter, 2009, contributed an additional gain of $4,000.

In the fourth quarter, 2009, the Company recognized a gain of $732,000 on surplus equipment disposals and the wind-up of an investment.

(Tabular amounts expressed in thousands except per share amounts)

9. Other income (continued):

In the second quarter of 2008, the Company received compensation through the *Forest Revitalization Act* for obsolete infrastructure due to the timber takeback. This, coupled with sales of surplus equipment in the first and second quarters of 2008, generated sales proceeds of $865,000 and a gain of $622,000. Additional surplus equipment, an investment and a timber licence were sold in the third quarter, 2008, for sales proceeds of $1,110,000 and a gain of $627,000.

In the fourth quarter, 2008, the Company received further compensation from the Province of British Columbia for a timber takeback in the Central Coast which combined with further disposals of surplus equipment to generate additional proceeds of $3,121,000 and a gain of $292,000.

10. Restructuring costs and asset write-downs:

	3 Months Dec. 31, 2009	3 Months Dec. 31, 2008	Year Dec. 31, 2009	Year Dec. 31, 2008
Plant and equipment writedowns	$ -	$ 434	$ 3,067	$ 29,010
Severance costs	55	353	1,565	4,852
Other (recovery)	-	-	(265)	1,026
	$ 55	$ 787	$ 4,367	$ 34,888

During 2009, the Company recorded total severance costs of $1,565,000 as it downsized its workforce in response to reduced operating rates. In the second quarter, 2009, the Company was successful in defending a legal dispute and was able to reverse restructuring costs previously accrued. The Company recorded $3,067,000 in asset write-downs in the third quarter, 2009, as it determined certain assets were impaired in the current operating environment.

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. In the second quarter of 2008, the Queensboro sawmill was permanently closed following more than one year of curtailment, and further severance and remediation costs totalling $3,259,000 were recorded, together with an impairment charge of $27,333,000 on the plant and equipment.

In the third quarter, 2008, due to deteriorating market conditions, the Company indefinitely curtailed the old Adams Lake sawmill and recorded an impairment charge of $1,243,000 on the plant and equipment and severance costs of $26,000. The Company took an impairment charge on timber of $434,000 as well as incurring further severance costs of $353,000 in the fourth quarter, 2008.

11. Net earnings (loss) per share:

	3 Months Dec. 31, 2009			3 Months Dec. 31, 2008		
	Net loss	Shares	Per share	Net loss	Shares	Per share
Basic earnings (loss) per share	$ (5,034)	47,117	$ (0.11)	$ (18,696)	47,117	$ (0.40)
Share options	-	-		-	-	-
Diluted earnings (loss) per share	$ (5,034)	47,117	$ (0.11)	$ (18,696)	47,117	$ (0.40)

	Year December 31, 2009			Year December 31, 2008		
	Net loss	Shares	Per share	Net loss	Shares	Per share
Basic earnings (loss) per share	$ (23,887)	47,117	$ (0.51)	$ (55,391)	47,109	$ (1.18)
Share options	-	-	-	-	45*	-
Diluted earnings (loss) per share	$ (23,887)	47,117	$ (0.51)	$ (55,391)	47,109	$ (1.18)

*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.

(Tabular amounts expressed in thousands except per share amounts)

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 Dec. 31, 2009	3 Months Dec. 31, 2008	Year Dec. 31, 2009	Year Dec. 31, 2008
Canada	$ 36,681	$ 26,341	$ 116,655	$ 162,825
United States	51,812	40,408	160,955	162,352
Japan	15,339	12,625	54,542	40,823
Other export	21,672	14,116	57,623	71,221
	$ 125,504	$ 93,490	$ 389,775	$ 437,221

Sales by product line are as follows:

	3 Months Dec. 31, 2009	3 Months Dec. 31, 2008	Year Dec. 31, 2009	Year Dec. 31, 2008
Lumber	$ 93,083	$ 65,559	$ 288,627	$ 297,434
Logs	17,311	18,311	60,443	103,620
Wood chips and other by products	12,188	8,869	34,349	30,610
Other	2,922	751	6,356	5,557
	$ 125,504	$ 93,490	$ 389,775	$437,221

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

	Dec. 31, 2009	Dec. 31, 2008
Canada	$ 299,365	$ 317,141
United States	158,133	197,227
	$ 457,498	$ 514,368

13. Employee future benefits:

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

	3 Months Dec. 31, 2009	3 Months Dec. 31, 2008	Year Dec.31, 2009	Year Dec. 31, 2008
Canadian employees' deferred profit sharing plan	$ 259	$ 286	$ 1,145	$ 1,273
Defined benefit plan	103	62	440	156
Unionized employees' pension plan	351	249	1,276	1,492
Post-retirement benefits plan	17	53	72	53
U.S. employees' 401(k) plan	164	138	573	495
Senior management supplementary pension plan	91	92	459	467
Total pension expense	$ 985	$ 880	$ 3,965	$ 3,936

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 December 31, 2009, the Company has outstanding obligations to sell a maximum of US$16,900,000 at an average rate of CAD$1.0638 to the USD$1.00, buy a maximum of US$35,000,000 at an average rate of CAD$1.0467 to the USD$1.00, and sell Japanese ¥50,000,000 at an average rate of ¥92.41 to the CAD$1.00, during 2010. All foreign currency gains or losses to December 31, 2009 have been recognized in the Statement of Operations and the fair value of these foreign currency contracts being an asset of $403,000 and measured based on Level 1 has been recorded in accounts receivable (2008 - $113,000 liability fair value measured based on Level 1 and recorded in accounts payable and accrued liabilities).

14. Financial instruments (continued):

During September 2005, the Company entered into a cross currency interest rate swap. The Company had 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 paid an amount based on annual interest of 5.84% on the CAD$23,530,000 and received a 90 day LIBOR plus a spread of 200 basis points on the US$20,000,000. LIBOR was recalculated at set interval dates. The swap matured on September 1, 2009 and foreign exchange losses of $2,050,000 for 2009 (2008 - $4,179,000 gain) were recognized in the Statement of Operations. The fair value of this cross currency interest rate swap was an asset of $409,000 at December 31, 2008 and was recorded in accounts receivable.

15. Commitment and contingency:

(a) Acquisition:

On July 3, 2009, the Company finalized a revised agreement to acquire a timber tenure and related reforestation liabilities in the Kamloops region from Weyerhaeuser Company Limited. The transfer of the tenure requires regulatory approval. Subject to receiving the required approval, the Company expects to conclude this transaction in early 2010.

(b) Central and North Coast land use decisions:

In 2006, the Government of B.C. ("the Crown") announced land use decisions for the Central Coast and the North Coast regions of B.C. which recently resulted in permanent reductions in the Company's allowable annual cut ("AAC") in the plan areas. The Company has not been harvesting its full AAC in this region for a number of years due to temporary reductions put in place during the negotiation period and uncertainty around operating areas.

In the third quarter, 2009, the Company received $2,500,000 as an advance of compensation under the *Forest Act* for timber, roads and bridges, and forestry and engineering work related to timber returned pursuant to the Plan. The Company recorded $2,000,000 as proceeds on disposition of related assets, and $500,000 as a recovery of production costs.

The amount and timing of any further compensation payable to the Company as a result of the AAC reductions is not yet determinable, and will be recorded when the amounts can be reasonably estimated.

16. Subsequent events:

(a) Seaboard Partnership income distribution:

On January 4, 2010, the Seaboard Partnership declared an income distribution to its partners. Interfor's share was $3,096,000 and was paid to the Company by way of setoff against the promissory note payable to the Seaboard Partnership.

(b) Bank financing

On December 14, 2009, the Company obtained a written financing commitment from its lenders extending and modifying its syndicated credit facilities effective January 15, 2010. The maturity of the Operating Line was extended from April 23, 2010 to February 28, 2011. The credit available under the Revolving Term Line increased from $150,000,000 to $200,000,000 and the maturity date was extended from April 24, 2011 to February 28, 2012 with all other terms and conditions of the lines substantially unchanged.

In conjunction with the amendments to its credit facilities, the Company repaid and cancelled its existing Non-Revolving Term Line of US$35,000,000 on January 15, 2010.

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